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# Latin America Report

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18 March 1986

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INTER-AMERICAN AFFAIRS

CANADIAN AID PROGRAM FOR CARIBBEAN OUTLINED

Port-of-Spain SUNDAY EXPRESS in English 16 Feb 86 p 3

[Text] CANADA has formally announced its own version of the U.S. Caribbean Basin Initiative (CBI), known as CARIBCAN.

According to Canada's Secretary of State for External Affairs Joe Clark, the main feature of CARIBCAN is the extension of preferential, one-way, duty-free trade, with a limited number of exceptions, to imports from the Commonwealth Caribbean.

Clark, who made the announcement on Thursday, outlined the following measures:

- Duty-free access to the Canadian market will be provided for 99.8 per cent of current Commonwealth Caribbean imports. Imports from Trinidad and Tobago, Anguilla, Antigua and Barbuda, Bahamas, Bermuda, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Monsterrat, St Christopher-Nevis, St Lucia, St Vincent and the Grenadines and the Turks and the Caicos Islands will be eligible.

In addition, duty-free access will cover a wide range of goods which may not currently be exported from, or manufactured in the Commonwealth Caribbean.

- Duty-free access will apply to all goods with the exception of products for which it has been determined, following extensive consultations with Canadian industry, that free entry would adversely affect certain sensitive economic sectors in Canada.

Therefore textiles, clothing, footwear, luggage, handbags, leather garments, lubricating oils and methanol imports from the Commonwealth Caribbean

will continue to be subject to established preferential rates of duty for these products under the General Preferential Tariff or the British Preferential Tariff, where these preferential rates exist.

- The Minister of Fi-

nance will introduce legislation which will permit the programme to be implemented by mid-1986.

- An outline of the major provisions of CARIBCAN duty-free trade has been prepared and is available for distribution.

In addition to the provisions of duty-free access, arrangements will be made to resolve the problems faced by Caribbean rum producers on labelling and bottling in Canada, as well as improved access to the Canadian market.

Clark added that a programme to strengthen the exporting capabilities of the region will be established under CARIBCAN with particular emphasis on the Canadian market. This programme will include seminars for Caribbean diplomatic and commercial personnel which will focus on ways and means of developing markets.

CARIBCAN will also provide training assistance by making available through the Canadian International Development Agency, at least 50 new scholarships for the region.

/12851

CSO: 3298/332

INTER-AMERICAN AFFAIRS

BRAZILIAN REPLACES ARGENTINE AS CHIEF OF MARITIME GROUP

PY212117 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1615 GMT 21 Feb 86

/Text/ Buenos Aires, 21 Feb (NA)--Rear Adm Enrique Cosentino, the coordinator of the Southern Atlantic maritime area, today emphasized the importance of the agreement among the Argentine, Brazilian, Uruguayan, and Paraguayan Navies "to unswervingly develop our maritime traffic and increase the operational procedures concerning their security on the ocean during periods of crisis."

Cosentino spoke during a ceremony held at the "Libertad" building in which he relinquished his position to Brazilian Rear Adm Lysias Ruland Kerr. In addition to these two navy officers, attending the ceremony were: Defense Minister German Lopez (this is the first military ceremony he has attended since he assumed his position as defense minister); Navy Deputy Chief of Staff Maximo Rivero Kelly; Defense Secretary Horacio Jaunarena; Brazilian Ambassador to Argentina Joao Pereira de Araujo; and officers of the Argentina and Brazilian navies.

The Southern Atlantic maritime area is an organization created 21 years ago and its function in peacetime is of a political-administrative nature since it controls the maritime traffic in the area in an operation coordinated among the participating countries. The post of coordinator is a rotational 2-year term. The term of the Argentine representative has ended now and he has transferred the post to the Brazilian Navy officer.

Among the achievements recorded by the organization during the 1984-1985 period, Cosentino stated were NATO's full recognition of this organization along with the other international organizations that control naval maritime traffic. Cosentino also stated "continuous improvements in the implementation and control of naval exercises and maritime traffic show a rapid adaptation to the changes introduced, and our growing efficiency in actually controlling and monitoring maritime traffic." This ceremony, transferring the coordination of the Southern Atlantic maritime area, marked the closing of the XII meeting of Local Operations Control Commanders (COLCO), which started on 17 February with the participation of delegations from the Argentine, Brazilian, Uruguayan, and Paraguayan Navies.

/12228  
CSO: 3348/441

INTER-AMERICAN AFFAIRS

BRIEFS

BRAZILIAN NAVY HEAD VISITS ARGENTINA--Buenos Aires, 2 Mar (NA)--Adm Arthur Ricart da Costa, chief of the Brazilian Navy general staff, arrived at noon today for a visit that will include a meeting with Defense Minister German Lopez and meetings with high-ranking Argentine Navy commanders. On the morning of 3 March, the Brazilian visitor will attend a ceremony marking the 129th anniversary of Adm Guillermo Brown's death and will then go to the Defense Ministry headquarters. After meeting the Argentine defense minister, he will meet high-ranking navy officers at the Libertad Building. On 4 March he will visit the Commandante Espora naval aviation base, where he will remain for 24 hours to examine the departments, units, and sections of the base, which is located near Bahia Blanca. The Brazilian Navy chief, who is also interested in the development of the shipbuilding industry, will visit the Domecq Garcia shipyards, which specialize in building submarines. The visitor will also meet Argentine Navy Chief of Staff Vice Adm Ramon Arosa and Rear Adm Roberto Pertusio, deputy chief of the Argentine Navy general staff. Pertusio, Rear Adm Maximo Riverto Kelly, diplomats, and military officers greeted the Brazilian Navy chief at Ezeiza International Airport. /Text/ /Buenos Aires NOTICIAS ARGENTINAS in Spanish 1540 GMT 2 Mar 86 PY/ 12228

CSO: 3348/441

ARGENTINA

BLOC SUPPORTS CGT-SPONSORED ECONOMIC PROGRAM

PY122134 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1535 GMT 12 Feb 86

[Text] Buenos Aires, 12 Feb (NA)--The People's Front [FP--Frented del Pueblo], which comprises the Communist Party of Argentina [PCA], the Movement Toward Socialism [MAS], and the Leftist Peronist Bloc, today expressed "its staunch support" for 26-point alternative economic program drawn up by the CGR [General Confederation of Labor], and guaranteed "its participation in the national unity congress to be opportunely convened by the working class."

Communist leader Jesus Mira expressed this support to CGT Secretary General Saul Ubaldini during a meeting they held at noon today at CGT headquarters at 802 Azopardo Street.

Also present at the meeting were Marcello Parrilli (MAS) and Eduardo Suarez (Peronist Bloc), among other FREPU leaders.

Ubaldini Alejo Farias (UOCRA) [Construction Workers Union of the Argentine Republic], Domingo Solimano (Teachers), and Patricio Dana (Butchers).

Mira, who started the talks with the unionists, emphasized "the agreement on social and economic claims" existing between the FREPU and the CGT.

For this part, Parrilli insisted that "there is basic agreement with the CGT concerning a moratorium on the foreign debt interests," adding that "this is the starting point for any economic program seeking the development of the country."

Parrilli added that "it is necessary to hold broad discussion of all the issues that will be discussed in the national unity congress" to be convened by the CGT.

For his part, Mira, upon resuming the talks on statements recently made against the CGT by government officials and even by President Raul Alfonsin himself, called statements denouncing alleged leftist infiltration in the CGT "local McCarthyism."

/12640  
CSO: 3348/432

ARGENTINA

CGT OFFICIALS UNANIMOUSLY ENDORSE SOCIAL BENEFIT PLAN

PY281809 Buenos Aires BUENOS AIRES HERALD in English 27 Feb 86 p 7

/Text/ (NA-DYN)--More than 100 trade union social action secretaries unanimously approved yesterday the "Blue and White" CGT /General Confederation of Labor/ workers social benefits project in opposition to the government proposed national health insurance bill, with major differences regarding how much say labor has in running things.

CGT Secretary General Saul Ubaldini hands over the proposal today to Radical deputy bloc President Cesar Jaroslavsky and later to the other congressional caucus chairmen.

Social action secretaries from 110 out of the 128 CGT member unions signed the 39-article project repealing Law 22269 passed by the military and modifying Law 18610 in force during the previous Personist government.

It creates the Argentine Social Welfare Funds Institute (IAOS)--replacing the National Social Welfare Funds Institute (INOS)--As an "entity outside state control with its own legal, financial, and administrative organization."

IAOS will be managed by a 10-member directorate: 6 from the CGT, 2 designated by the Labor and Health ministries, 1 representing business, and the other from member funds.

The project comprises the benefit programs of national public administration personnel, some state enterprises and decentralized agencies, mixed public-private firms, and trade unions.

It also includes welfare programs for company staffs, retired workers, Buenos Aires municipality and those provinces and municipalities that choose to join.

But it excludes "military, police and security forces," and active or retired workers from provincial governments or municipal employees or pensioners in those provinces.

It would be financed by 4.5 percent contribution over total wages by employers and 3.0 percent from workers' paychecks. It also creates a special benefit fund for autonomous workers who would pay in 7.5 percent according to their category.

The retired workers PAMI /Comprehensive Medical Assistance/ welfare institute will, in the CGT plan, be administered by five representatives of retired workers and four of active workers and four of active workers appointed by the CGT.

Art 34 stipulates that the "Labor and Social Security Ministry will be empowered as supervisor and comptroller of the activities of the benefit programs, including taking legal action in the case of administrative malfeasance."

In other CGT news, the labor confederation met with Argentine political youth MOJUP0 /expansion unknown/ yesterday and received overwhelming support, with the exception of the Radical Party, for its 26-point programs and accepted an invitation to attend the upcoming national unity congress.

Finally, Ubal dini quieted hopes and fears by announcing he "is not a gubernatorial candidate" for the 1987 race in Buenos Aires province.

/12228

CS0: 3300/70

ARGENTINA

BRIEFS

NEW OIL WELL DISCOVERED--Buenos Aires, 13 Feb (DYN)--According to the Government Oil Deposits [YPF], a new oil well has been opened in Loma Las Yeguas in Neuquen Province, with an initial production of 62 cubic meters per day and promising prospects for greater quantities. [Summary] [Buenos Aires DYN in Spanish 0051 GMT 14 Feb 86 PY] /12640

INDIAN ENVOY ARRIVES--Buenos Aires, 15 Feb (NA)--Ambassador Chinmay Carakham, Indian Prime Minister Rajiv Gandhi's personal envoy, today stated that the initiative taken by the so-called "Group of 6" concerning disarmament "is a step that has attained world significance," even though it is clear that "no spectacular results are to be expected in the short term." Carakham arrived at Ezeiza International Airport shortly after 1030 to participate in a meeting of the Group of 6 scheduled to be held in Argentina next Sunday. Carakham said that "we come to review what future steps should be taken to stimulate the peace-seeking initiative on the five continents," adding that "it is something for which we must work patiently and wait." The Indian envoy also praised the ties existing between Argentina and his country. He said: "We are very happy about the good relationship we have," adding that "we were very pleased to receive President Raul Alfonsin," who visited New Delhi last year. I can assure you that a very good personal relationship has been established between the Argentine chief of state and Prime Minister Gandhi," Carakham concluded. [Text] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 1355 GMT 15 Feb 86] /12640

RELIGIOUS HOUSE RAIDED--La Paz, 17 Feb (EFE)--The Bolivian Interior Ministry has not yet given any official report on the raid by armed groups on religious facilities in Oruro City last week. Msgr Julio Terrazas, chairman of the Episcopal Conference and bishop of Oruro, has reported that an armed group raided the house of the Oblate priests, searching for foreigners "to take them for a walk," according to what the raiders said. Terrazas has asked government officials to identify the attackers, but has not yet received an answer. Msgr Terrazas said: "It is an unprecedented and reproachable raid on a religious house to intimidate, or to show a very strong distrust for the work of the church." The Bolivian religious authorities reproachfully asked the Interior Ministry about the raid on the house of the Oblates: "Are these armed groups acting independently of government security organizations?" [Text] [Madrid EFE in Spanish 0132 GMT 18 Feb 86] /12640

ALLEGED REPRESSION CAMPAIGN DENOUNCED--Buenos Aires, 18 Feb (TELAM)--The Argentine Communist Party [PCA] has denounced the existence of a psychological action campaign that may indicate that there is a plan to repress the just demand of the people. In a press communique, the PCA head Athos Fava noted that since the McCarthy-style speech of Doctor Raul Alfonsin in Villa Regina, a number of actions have been observed as part of a psychological campaign. Therefore, the communist leader suspects that a plan is afoot to intensify repression against just, popular demands, as well as against labor parties and organizations. [Text] [Buenos Aires TELAM in Spanish 0250 GMT 19 Feb 86] /12640

REAL WAGE STUDY REPORT--(NA)--After 2 years of steady growth, real wages in the industrial sector plunged an average of 20.8 percent during 1985, said a economic research group in a study released yesterday. Despite the drop, nominal wages increased 6.45 percent last year and real wages for the private sector as a whole increased 3.3 percent during January due to a December executive decree, said the Latin American Economic Research Foundation (FIEL). The report says that real wages last year went down 29.9 percent in public administration, 25.9 percent in the construction sector, and 10 percent in state-owned businesses. Despite the overall drop in industrial wages, real wages in that sector actually increased 0.8 percent since the start of the Austral economic plan in June last year. Another study by the Labor Studies Center (CEDEL) said that real wages would have to be increased by 47 percent in order to reach their levels in December, 1983. The study by CEDEL, led by Peronist economist Carlos Holubica said that for salaries to have the same buying power that they did on average in 1964-66 and 1973-75, the minimum wage would have to be 140 australs, double the present minimum wage. /Text/  
/Buenos Aires BUENOS AIRES HERALD in English 27 Feb 86 p 7/ 12228

CSO: 3300/70

BAHAMAS

INTERNATIONAL PLP DIVISIONS SURFACE IN CANDIDATE'S WITHDRAWAL

Nassau THE TRIBUNE in English 27 Jan 86 p 1

[Article by Athena Damianos: "Sinclair Outten 'not to run on PLP Ticket'"]

[Text]

**ST BARNABAS MP Sinclair Outten has informed his party's chairman by letter that he will not seek re-election under the PLP. The Tribune has been reliably informed.**

Mr Outten, one of the dissident PLPs, has been outspoken on corruption since the Commission of Inquiry report was made public in December, 1984. The report linked some of Prime Minister Lynden Pindling's closest friends and political allies to drug traffickers.

PLP chairman Sean McWeeney said today he would not discuss internal party matters "which may or may not" have taken place.

Mr Outten confirmed that he wrote to the chairman, but refused to discuss the content of the letter. It is not known whether or not he intends to quit politics, or run on an Independent ticket.

His decision to bow out of PLP frontline politics underscores the internal problems of the splintered PLP, which has enjoyed 19 years of unbroken rule. The party has been in a tailspin since disclosures of Government corruption began surfacing before the Commission.

On October 8, 1984, Sir Lynden lost more than a third of his Cabinet as part of the fall-out from the Commission and has been operating with a "streamlined" Cabinet ever

since. The biggest blow came when his long-time friend, Deputy Minister and Minister of Finance Arthur Hanna, resigned. Mr Hanna said it came down to choosing between right and wrong.

Although he won't comment on it, Grant's Town MP Bradley Roberts has informed the PLP hierarchy that he will not run for the PLP if Kendal Nottage (St Agnes) is a candidate in the next elections, according to informed sources.

Nottage, a good friend of the Prime Minister's, was found by the Commission to have "fronted" for a mafia figure/drug trafficker.

During the House debate on the Commission of Inquiry report in March, 1985, Mr Outten said he still agreed with every word the Prime Minister spoke at the PLP's 1975 Convention when he dealt with public disclosures. Sir Lynden said at the time that Parliamentarians who fail to disclose their income and assets should resign. Legislation was implemented the following year.

Insp Frank Richter of the Commission of Inquiry, who did an investigation of the Pindling's finances, reported that Sir Lynden had failed to disclose certain assets on a number of occasions.

Mr McWeeney, in an unprecedented move, recently announced the names of 10 "possible, potential"

candidates the PLP might field in the next general elections. Mr McWeeney made the announcement without taking the matter to the National General Council or the Candidates Committee.

Mr Outten said last week this is the first time in the history of Bahamian party politics that any valid political organization has announced "possible, potential" candidates.

"It is my view that this is to intimidate the incumbents who have spoken out of the wrongdoing of those in the PLP (condemned by the report)," he said at the time.

Mr Hanna said that the whole episode was in violation of the party's constitution.

Although Mr McWeeney denied that any of the "potential" candidates have been targeted for incumbent areas, it is understood that Dr Mathew Rose - one of the "potentials" - has been campaigning in St Barnabas.

Mr McWeeney admitted today that Dr Rose had expressed an interest in St Barnabas, along with other people.

He said he knew nothing about Sir Lynden's friend, Felix "Mailman" Bowe, campaigning in Mr Hanna's Ann's Town constituency, except rumours he has heard. He denied that Mr Bowe had expressed an interest to him or, as far as he is aware, any hierarchy member of the PLP about being the candidate for Ann's Town.

"I can categorically say that none of those persons (potentials) has expressed an interest in the constituencies held by Hanna, Christie, or Ingraham," he said.

"I absolutely, fully support him (Hanna) as the candidate for Ann's Town."

Asked if he was in favour of the re-nomination of Perry Christie for Centreville, Mr McWeeney chose not to comment.

He said that the PLP has every intention of seeing that the next elections are conducted in a fair manner. He said that the law provides for an elaborate network of people to safeguard the system. He felt that the use of voting machines at all the various polling divisions would be too costly.

Mr McWeeney would not comment on a new set of charges that have been made

against Cooper's Town MP Hubert Ingraham.

Mr Ingraham was charged by the National General Council on December 19, reportedly over his 1986 Budget address and a recent speech he made before one of the Kiwanis Clubs.

The NGC has already voted to deny Mr Ingraham a nomination in the next elections because, they claim, he acted against the best interests of the party when he spoke out against corruption and the neglect of the Family Islands in Parliament.

"They have not been withdrawn," was Mr McWeeney's only comment on the new set of charges.

He said that all of the "potential" candidates have applied for nominations, but none was invited by the party to do so, contrary to a remark made by Mr Hanna. Mr Hanna is a member of the Candidates Committee.

He said that the Opposition's warning against gerrymandering is "the greatest *non sequiter* of the year."

"No one remotely suggested that there was a question of gerrymandering," he said, adding that any re-districting of constituencies has to be carried out in accordance with the Constitution.

In announcing the names of "potential" candidates, Mr McWeeney spoke of the possibility of re-districting.

He said the Opposition has to "make up their" minds what they want. He said that FNM deputy leader Cecil Wallace-Whitfield has spoken in favour of redistricting in the House.

The FNM said it could not easily dismiss Mr McWeeney's intimation that seats are to be created for the "potential" candidates.

"Any attempt by the PLP to jerrymander House of Assembly seats would only aggravate an already tense political atmosphere and bring further disrepute and shame to the country's political institutions," the FNM warned.

"We warn the Government not to prostitute our electoral system by jerrymandering. Such a move would cause further restiveness in the community and would be vigorously resisted by the Free National Movement."

BAHAMAS

PINDLING SIGNS LOAN REFINANCING PACT IN LONDON

Nassau THE TRIBUNE in English 6 Feb 86 p 1

[Text]

PRIME MINISTER Lynden Pindling is expected to arrive in Nassau from London this evening. He is scheduled to appear before an insurance group at the Cable Beach Hotel at 8.15 am tomorrow, Bahamas Information Services said today.

"There is no information beyond that," a spokesman said.

The Cabinet Office said earlier in the week that Sir Lynden will be out of office until February 17. It has been reported that he plans to attend the Carnival in Trinidad.

Yesterday, he signed in London a US\$125 million medium-term loan on behalf of the Government, BIS said.

The loan was lead managed by Amsterdam-Rotterdam NV, the Bank of Nova Scotia Group, CIBC Ltd and National Westminster Bank, PLC. There are five managers of the loan (Midland Bank PLC, National Australia Bank Ltd, Orion Royal Bank Ltd, Svenska International Ltd and Chase Manhattan Bank and two co-managers (Bank of Credit and Foreign Commerce (Overseas) Ltd and Kansallis-Osake-

Pankki). In addition, there are 11 participants. Altogether, 22 banks formed the syndicate representing 11 countries throughout the world.

This new loan is a refinancing of a \$US \$110 million loan signed in July, 1981.

"It was very well received in the market with the underwriters achieving a 60 per cent sell-down," BIS said.

The new terms and conditions are eight year maturity, a one year grace period and a margin of 1½ pa. The increased amount of the loan was provided by some of the original banks increasing their commitments and four new banks joining the syndicate. The loan will be on-lent to the Hotel Corporation of the Bahamas and "used to develop the tourist industry in the Family Islands..." BIS said.

Funds under this loan are available for draw-down as of February 21, 1986.

Sir Lynden was accompanied to the loan signing by Bahamas High Commissioner Richard Demeritte and William Allen, Governor of the Central Bank.

/12851

CSO: 3298/333

BARBADOS

BRIEFS

AGRICULTURE, INDUSTRY PROGRAMS--Barbados may get US\$6 million to boost agriculture and industry over the next five years. The money is to be made available between 1987 and 1991 by the United Nations system to finance new projects for agricultural and industrial diversification and the expansion of small business. One of the main projects is to formulate a country programme, assistant administrator of the United Nations Development Programme (UNDP) Hugo Nava-Jas-Morgro, told reporters yesterday. He said the country programme would be funded by UNDP and embody a list of development needs which go beyond the resources provided by the United Nations system. He said Barbados also stands to benefit from the Regional Programme for Latin America and the Caribbean, which is funded by UNDP. This programme, he outlined, has already helped the region in areas such as health, education, development administration, meteorology and operational hydrology. [Excerpt] [Bridgetown DAILY NATION in English 28 Jan 86 p 1] /12851

NEW MINISTRY OFFICIALS--The Ministry of Housing and Lands and the Ministry of Transport and Works (MTW) will have new administrative heads from tomorrow. Grey Forde, former Chief Labour Officer, has been appointed Permanent Secretary in the Ministry of Housing and Lands, where he has been acting since mid-1984. The new Permanent Secretary in the Transport and Works Ministry is former senior administrative officer, Rolph (Frankie) Jordan. Mr. Forde (56) first entered the public service in May 1951. Over the past 35 years he has worked in the magistrates' courts, the Labour Department, the Ministry of Labour and the Prime Minister's office. Mr Jordan, who was 51 in December is an old Lodge School boy and a 1957 honours graduate of the University College of the West Indies (UCWI). Mr Jordan, who has had a varied and impressive career, has worked in Jamaica, Nigeria, and with the now defunct Federal Public Service. Locally, he has worked in the Ministry of Information and Culture, and Ministry of Transport and Works. [Text] [Bridgetown SUNDAY SUN in English 2 Feb 86 p 3] /12851

CSO: 3298/334

BELIZE

# TOLEDO DISTRICT ORGAN SAYS UDP MAY BE LOSING SUPPORT

Punta Gorda TOLEDO STAR in English 29 Dec 85 p 2

[Editorial: "The U.D.P. in Office"]

[Text] Let's start with the Toledo District. Down here, whether it is P.U.P. or U.D.P. in office, we are still struggling to make ends meet. In fact, the rural area of this District is fast becoming critical of the new Government.

The northern region seems to be blaming all their trials and tribulations on the U.D.P. In fact some are looking towards Mexico for assistance.

This newspaper has been quiet since the month of May, but before the closing of the year, it is only fitting that a critique should be made, after giving the new Government a full year to have put the Belizean House in order.

It is true that we inherited a lot of bad, a lot of debts, and a lot of corrupted methods from the past regime; but Mr Esquivel cannot continue labouring on this if he is obtain the sympathy and ultimate cooperation from the Belizean people to move this country forward out of stagnation, and into 20th century progress. The people are quite aware of what the P.U.P. was, and the dismal increase in the cost voted the P.U.P. out of office.

Now, what we want to hear is that, in addition to paying off old arrears, we are getting substantial investment into all Districts. And what we want to see is that these investments should be processed as soon as possible, so as to generate the economy of the country.

It was the new Prime Minister who said upon delivering his first press conference, that he preferred inviting investment from abroad, than borrowing money the way P.U.P. used to do.

If we will encourage investments, then let's not forget the Toledo District.

If we should speak out impartially, it would appear that the consensus of opinion is that the new U.D.P. Government has done one or two good things; but with the closing of the Libertad Sugar Factory, and the continuous unemployment and stagnant situation down in the southern region, they must move fast in order to retain the support of the majority for another Election.

BELIZE

PUP HOLDS CONVENTION, ELECTS NEW CENTRAL EXECUTIVE

Rank-and-File Exclusion

Belize City THE BEACON in English 18 Jan 86 p 3'

[Text] Rank and file members of the opposition People's United Party are to be excluded from the decision making process of the party convention scheduled for this weekend. The convention has been divided into two sessions. One on Saturday at Independence Hall, limited to a few, hand-picked 'delegates' to whom the leadership slate will be revealed. Then another on Sunday at the Civic Centre, where the masses are expected to unquestioningly ratify the executive 'choices' that would already have been made by the elites at Saturday's closed shop session.

New Officers

Belize City THE BELIZE TIMES in English 26 Jan 86 pp 1, 12

[Text] Thousands of Belizean's from all six district's converged on City Centre Belize City on Sunday, January 19, 1986 to attend the National Convention of the People's United Party. The large convention comprising delegates and party members and supporters heard a welcome address by Mr. C.L.B. Rogers, the Deputy Party Leader; and then the delegates addressed themselves to the business of the Convention. Three resolutions to amend the party's constitution and fourteen political resolutions were approved. Articles referring to these resolutions appear elsewhere in this issue. The Convention elected the following officers to the Central Executive Party Leader - George Price, Deputy Party Leader - Hon. Florencio Marin; Chairman Mr. Said Musa, First Deputy Chairman - Hon. David

McKoy, 2nd Deputy Leader  
Mr. Carlos Diaz, Third Deputy  
Chairman, Mr. Glenn  
Godfrey; Treasurer - Mr.  
Ernest Staine; Campaign  
Manager - Mr. Ralph Fon -  
seca; Youth Organizer -  
Mr. Mark Usher.

The Convention also  
elected to the Central  
Executive the Committee  
Chairpersons of the Central  
Party Committee; Mr.  
Carl L.B. Rogers, Chairman  
of the Public Relations  
Committee; Senator  
V.H. Courtenay, Chairman  
of the Education and  
Research Committee; Doctor  
Gregorio Garcia, Chairman  
of the Policy Advisory

Committee; Mr. Javier Ber-  
bey Garcia, Chairman of  
the Fund Raising Committee  
and Hon. Simeon  
Sampson, Chairman of the  
Operations Committee.

The members of the new  
Executive took the Oath  
of Allegiance and gave  
their acceptance address.  
The Party Leader closed  
the Convention with an  
address as the Convention  
called for the resignation  
of the government.

The business of the  
Convention was prepared  
the previous day by the  
delegates at Independence  
Hall on Saturday.

#### Policies for Governing

Belize City THE BELIZE TIMES in English 26 Jan 86 p 2

[Text]

The National Convention of the People's United  
Party, which took place in Belize City on Jan. 19,  
1986, approved policies for the New Phase of the  
Belizean Revolution. These policies applied by a  
PUP government would set Belize again on the  
right course to development and progress.

The economic policies would have avoided the  
loss of revenue which has occurred by the closure  
of the Libertad Sugar Factory, the cancellation  
of the BELCAST project, the issue of import per-  
mits for food that can be grown locally and the  
failure to collect the right amount of stamp duty  
on the sale of a large tract of land sold to for-  
eigners.

These blunders have deprived the revenue of  
millions of dollars which would have enabled gov-  
ernment to pay an increase of salaries and wages.

The foreign policies would return Belize to a  
non-aligned status which would protect Belize  
from the violence of the East-West confrontation  
by keeping Belize free of the ideological strug-  
gle. These policies would also support the ef-  
forts for a New International Order so that deve-  
loping countries might obtain better prices for  
their exports.

A new PUP government would defend the territorial integrity and sovereignty of Belize as non-negotiable in seeking a settlement of the Anglo Guatemalan dispute.

It would oppose and condemn Apartheid of the racist South African government. Such policies are consonant with the PUP philosophy over the years.

The policies approved by the convention support a PUP government in its defense of Belize's constitution by protecting the Civil Service, ensuring the proper use of public funds, and defending the freedoms and dignity of the Belizean citizen.

There were many promises made in the last campaign which now turn out to be false promises. They were made against the sound advice of church leaders who urged candidates to avoid making unrealistic promises. These promises have come home to roost for a government which has caused the loss of millions of dollars.

In the circumstances, the Convention had no alternative but to call on the Esquivel government to resign and call national elections.

#### Convention Resolutions

Belize City THE BELIZE TIMES in English 26 Jan 86 p 4

[Text]

The PUP National Convention approved unanimously fourteen resolutions, which would set Belize again on the right course of development and progress. The last resolution called on the Esquivel government to resign and go to national elections. It received massive support from the Convention.

(1) The Convention expressed deepest concern for the serious state of affairs affecting the sugar industry and the economy as a whole and the human suffering resulting therefrom; and called on the government to take steps to ensure that the Libertad Factory is reopened.

(2) The Convention condemned the deplorable and short sighted action of the UDP government in cancelling the BELCAST project; and called on government to remedy this mistake by taking immediate steps to reactivate the project.

(3) The Convention called on the government to desist from its practice of issuing agricultural import permits for political motives and demanded that the Belizean farmer be afforded protection from unfair foreign competition.

(4) The Convention called on government to set up a fact finding committee, including members of the opposition, to examine all records, documents and things relating to the BEC / Bowen / Mischer / Howell Coca Cola land transaction and the development proposals arising therefrom.

(5) The Convention called on the government to revert to a non-aligned foreign policy and to resist all efforts to involve Belize in any and all internal superpower confrontations.

(6) The Convention re-affirmed the Party's support for the non-aligned countries collective efforts to establish and implement a New International Order.

(7) The Convention re-affirmed that the territorial integrity and sovereignty of Belize are non-negotiable and that the PUP be present at any talks which purport to seek a settlement to the Anglo-Guatemalan dispute.

(8) The Convention recorded its total opposition to and condemnation of Apartheid and the government of South Africa; and committed the PUP to a more active policy of urging the International Community to apply effective economic sanctions against the South African racist regime until it brings an end to this despicable policy.

(9) The Convention condemned the surreptitious destruction of the Civil Service, the violation of constitutional principle, the misuse and abuse of public funds; and called on the government to restore the Civil Service to its proper role and function.

(10) The Convention called on the government to restore forthwith the right of freedom of speech in order to ensure the continuance of democracy in Belize.

(11) The Convention condemned the denial of the freedom of speech by the government in their refusal to allow the PUP to broadcast a public affairs programme on television called "OUR TURN" and deplored the blatant interference with the judiciary and attacks made on the independence of the Courts. It expressed grave concern about ministerial violations of the Constitution which permit kidnapping of Belizean citizens and the invasion of their privacy by telephone tapping.

It called for absolute respect for the Constitutional rights and freedom of ALL BELIZEANS including (a) the right to life, liberty, security of the person and the protection of law, (b) freedom of conscience, of expression and of assembly and association and (c) protection for one's personal privacy, the privacy of his home and other property and recognition of his human-dignity.

(12) The Convention called upon the government of Belize to abandon these policies that create further unemployment and to fulfill its campaign pledge to provide a thousand new jobs for Belizeans each year.

(13) The Convention called on the government to provide for a raise of salary and wages with back pay in the upcoming budget proposals for all workers in the Public Service including teachers, nurses, police, BDP and Civil Servants.

(14) The Convention, assembled on January 19, 1986, called upon the Esquivel Government to resign and call national elections.

#### Amendments to Constitution

Belize City THE BELIZE TIMES in English 26 Jan 86 p 5

[Text]

The National Convention of the People's United Party passed three resolutions which amend its constitution in order to move forward with the changing times.

One resolution adds an article to give authority to the existing system of regional groups for the north, the south, the west and the central regions of Belize.

A second resolution also adds an article which establishes a n

organization called the Order of Distinguished Service. The Order will give recognition to members of many years distinguished service.

The third resolution provides for the existing system of electing nine officers of the electoral division and provides for its internal management.

It also enables the Central Party Council to appoint chairpersons of the five committees to the Central Executive.

#### Assessment of Meeting

Belize City THE BELIZE TIMES in English 26 Jan 86 p 7

[Unsigned column "Bottom Line": "PUP Saving Belize Convention '86"]

[Text]

They came from all over the country. From Corozal to Toledo, from San Ignacio to San Pedro. They represented every profession and every occupation that make up Belizean life.

What did they have in common? The body politic of Belize wanted to help shape the future of Belize. Ironically it is the UDP government what proves to be the unifying force to a

party that up to the Convention of '84 found itself squabbling over who was left of center and who was right of Center.

At Convention '86 the party projected the policy of the "middle of the road". In the Belizean political spectrum the center is a progressive position which advocates government intervention in the interest of the people.

For instance, Centrist policies would have saved the Libertad Sugar Factory. It would have insisted on commitments by Coca Cola Foods to buy small farmers citrus fruits. A restatement of the "middle of the road" policy is spelt out in a paper approved by the two-day convention. The paper is entitled "Updating the Revolution" - 1986 to the 21 century. The enemies of the People's United Party will try to play down this document, but the majority of the people will consider it with the seriousness it deserves! If the philosophy, as stated in the document is faithfully followed the PUP will be returned to office and it will be able to turn around the economy from the disastrous state from which the UDP will hand it over.

Many important resolutions were passed. One resolution demanded an increase of salaries and wages in all sectors of government service, including back-pay. That motion was popular but the most resounding applause came on the motion calling for the present government to resign.

That motion was moved by Major Thomas Greenwood, former second-in Command of the BDF.

The way ahead is clear for the PUP it must unify the rest of the people in its fight to serve Belize. It must challenge the government on every front. It must save Belize from the wreckers.

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CSO: 3298/335

BELIZE

UDP PARLIAMENTARIANS ASSESS GOVERNMENT'S FIRST YEAR

Belize City THE REPORTER in English 26 Jan 86 pp 1, 14

[Text] Members of the House of Representatives and the Senate belonging to the United Democratic Party attended a two-day retreat at Caye Chapel last week-end to discuss the targets and performance of the government following one full year in office.

During five sessions the Parliamentary representatives examined the priorities of the government vis-a-vis the needs of the country and tried to weigh the impact of existing and proposed government measures on the development climate. Sir Edney Cain, Financial Secretary, addressed the conference on how the economy responded during the

first 12 months of the new government.

A spokesman at the end of the conference announced the general consensus, that the government programme during 1985 was generally on course with national targets and goals.

A spokesman for the group this week specifically denied a report appearing in the Belize Times which said that the conference had been conducted at public expense.

"The expenses for this retreat, which included the wives of many of the representatives, were met privately, from the contributions of the group," the spokesman affirmed.

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CSO: 3298/335

BELIZE

TEACHERS STAGE PROTEST; WAGES, CONDITIONS AT ISSUE

Report on Demonstration

Belize City THE BELIZE TIMES in English 19 Jan 86 pp 1, 12

[Text] Belize City  
Wed. Jan. 15, 1986

Despite disinformation from Radio One, teachers of the Belize National Teachers Union braved the cold and rain and poured into Belize City. Radio One had for days bleated that all Branches of the National Teachers Union would not demonstrate and intimidated teachers that schools must remain open on Wednesday.

But the teachers numbering 592 came to Belize City to protest their meagre salaries, deplorable working conditions & an end to the exploitation of their profession. They marched orderly and peacefully from Cinderella Plaza into Central Belize City breaking off at Majestic Yard with a rally. They were also protesting irregularities in the education system, Government's failure to grant a guarantee for salary re-adjustments and they called for greater

dialogue before presentation of the '86 budget.

The teachers came from the districts of Corozal, Orange Walk, Belize and Cayo. Although there was no representation from Stann Creek and Toledo districts because of transportation expenses, demonstrations were held in Dangriga and Punta Gorda simultaneously in solidarity with the Belize City demonstration.

Last Week Radio One announced that Education Minister Derek Aikman had met with officials from the Union and that "all matters discussed were mutually dealt with on a favourable basis. Continued Radio One: "The BNTU was informed that while the Minister could not have a fixed date for any increase, he assured the Union that a Committee had already been charged with the responsibility of revising and upgrading the salary structure for a possible increase."

It was in this light that the teachers from primary and secondary schools decided to demonstrate. They were getting nowhere nor had they received any commitment of any increase in salaries and when. Aikman after repeatedly evading them was still unable to satisfy their modest demands.

At the rally, BNTU national president, John Pinello chastized Radio One for their malicious and deliberate presentation of false information while denying them their right to use the radio

station for public announcements. He also called for unity amongst teachers to bring an end to the intimidation and exploitation of teachers. Other Union representatives cautioned members against complacency reminding them that solidarity is the key to success.

The last raise in the salaries of teachers was in June 1981. Since then the cost of living has gone up considerably while their wages have remained the same and classrooms conditions have deteriorated.

#### Criticism of Government Offer

Belize City THE BELIZE TIMES in English 19 Jan 86 p 8

[Text] Prime Minister Esquivel and his Cabinet worried about their continuing unpopularity and threats of strike action by doctors, nurses, teachers and civil servants have buckled under the pressure and agreed to a raise in salaries. The raise however is not going to be a raise-up one, it will only be a small 10% to keep down the protests.

Neither will the small raise be retroactive when it is approved in March as part of the Budget. This

means there will be no back-pay for workers. Again the UDP has failed in another promise to improve the salaries and working conditions of the workers.

Esquivel who has been boasting of the millions of dollars he has sent abroad rather than following a systematic and orderly repayment plan, is reluctant to approve any salaries increase for workers. As recent as last month at his Press Conference he made it clear he didn't promise a raise to anyone.

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CSO: 3298/335

BELIZE

ESQUIVEL SPEAKS AT DEFENSE FORCE ANNIVERSARY CEREMONY

Belize City THE REPORTER in English 19 Jan 86 pp 1, 12

[Unsigned article: "P.M. Announces Growth Plans for B.D.F. Promotions at the Top Pave Way for Belizeanization"]

[Text] On the occasion of the seventh anniversary of the Belize Defence Force Prime Minister Manuel Esquivel announced a number of high level promotions, bringing Belizeanization of the BDF one step closer.

Captain John Loskot, second in command to Col John Starmer-Smith, was promoted to the rank of Major while Captain Alan Usher of the BDF Air Wing and Captain Earl Arthurs if the BDF Infantry were raised to the rank of Acting Major.

Two young lieutenants, Francis Marin and Henry Baizar were promoted to the rank of Acting Captain while four Second Lieutenants, Abel Simpson, Cedrick Borland, Revel Black and Lloyd Gillett were elevated - Simpson to become a full lieutenant and the others, to become acting lieutenants. Warrant Officer Bernard Avila also became an Acting Lieutenant.

Two other warrant officers Grade 11, Ethelbert Cayetano and Luis Escobar were promoted to Warrant Officers First Class while four staff sergeants, David Cacho, William Stamp, Issac Williams

and Walton Rodriguez became Warrant Officers Grade 11.

Projecting the future growth of the BDF the Prime Minister announced that the Force would be expanded to take in a third company, to be known as Company F and the Force would be re-organized for a more realistic service support.

The Belize Army, the Prime Minister said, would be working its way towards a ground - to - air defence capability, towards expansion of the Air Wing and the introduction of light anti-tank weapons. A separate study for the Maritime Wing had been undertaken, the P.M. said, and was in the process of being considered.

Mr. Esquivel expressed his approval and appreciation of the work and achievements of the BDF during 1985. The year had been a period of consolidation and progress, he said, and predicted that 1986 would be an "exciting year."

"Events have shown that the unqualified commitment of the Ministry of Defence and the Government to seeking the best for the BDF has

evaporated whatever cloud of discontent may have been raised by outside influences," the Prime Minister said. He added: "We appreciate that complete Belizeanization will not be achieved immediately, but we are steadily progressing towards the day when the Force will be fully Belizeanized."

Mr. Esquivel acknowledged that none of the proposed expansion would have been possible without the continued support of the British Foreign and Commonwealth Office.

To mark the Army's seventh birthday the officers and men of the BDF organized an open day which thousands attended. There were mock battles, rescue drills, obstacle courses and special operations during which invading forces "absailed" from a hovering helicopter, sliding by rope to cover points on the ground fifty feet below. The exercises, all agreed, were of a commendably high standard despite the very wet condition of the ground.

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CSO: 3298/335

BELIZE

LARGE MARIJUANA SEIZURE SPARKS 'SPECULATION'

Belize City THE BEACON in English 25 Jan 86 pp 1, 8

[Unsigned article: "7,300 Pounds Marijuana Bust Raises Wide Speculation"]

[Text] BELIZE CITY, MON., JAN. 20: Today Eastern Division police officers raided the Travellers Liquor Refinery on the Northern Highway situated 2½ Miles outside the city, and seized a large quantity of compressed marijuana.

Official reports have described the seizure, listed as one of the biggest drug busts in local history, as 7,300 pounds of compressed marijuana contained in a "cylinder." But Beacon's investigators have confirmed that the marijuana was actually stored in one of the usual steel containers used for shipping cargo. This particular container measures 20 ft x 8 ft by 10 ft and carries the markings HUBU 719.

Police have so far arrested three persons in connection with the dramatic seizure - 32 year old Jaime Perdomo, Manager of the Travellers

Refinery, 40 year old Customs Broker Fred Fuller, and 81 year old Domingo Cowo, watchman at the Travellers Refinery. One of the sidelines in this large marijuana haul is that the aged watchman claims not to speak any English. But Police have him listed as Belizean, hailing from Succotz Village, Cayo District.

The magnitude of this operation soon became widely known, and has provoked wide speculation all over the city:

\*Where did the large container originate, and which company holds the contract for shipping the illegal cargo?

\*Which trucking service moved the container from its original source, and who was the driver of the vehicle that had the transportation job?

\*Which Customs Officer sealed the container full of marijuana or was it sealed by a Customs official at all?

Police authorities are playing this one carefully. There might even be some arguments at the very top, that the raid was sprung a little too quickly. In any event, the authorities still have a mountain load of investigating to do.

The newspaper has nevertheless learnt that one John Zinkle has been named on Customs documents as the shipper of the container. According to our source, Zinkle is a U.S. citizen with local residence somewhere in Cayo, and may still be evading the police. The cargo, listed as tractor parts, was reportedly headed for a company called International Tractor Service in Miami, U.S.A.

One of the main areas of speculation is centered around the fact that the amount of marijuana seized was adjusted from 10,000 to 7,300 pounds. Why was the sealed container opened at its place of seizure, and the

packages of marijuana removed. Public gossip is saying that almost 3,000 pounds of the weed disappeared, and will eventually end up on the local streets. It has happened before. But there is every indication that this may just be the wildest kind of speculation in this red hot case, and will prove untrue.

Whatever the case, it is expected that in the not too distant future, some dramatic developments are bound to surface. In the meantime, the police have refused to disclose just how they got wind of the impending shipment.

The purchase value of the marijuana has been put at well over quarter million Belize dollars, and the U.S. street value in the millions.

Perdomo has been charged with possession, and also charged jointly with Fuller and Cowo with attempting to export marijuana. All three are on bail.

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CSO: 3298/335

BRAZIL

SAO PAULO PMDB SEEKS COALITION WITH PT FOR NOVEMBER ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Feb 86 p 6

[Text] The PMDB is again going to seek a coalition with the PT for the gubernatorial elections in Sao Paulo on 15 November 1986, and so the new PMDB president, Almino Afonso, is ready to discuss the matter with Lula. He gave this information to reporters after assuming his new post at a ceremony attended by the public, but with three notable absences: Governor Franco Montoro, Deputy Ulysses Guimaraes and Senator Fernando Henrique Cardoso.

Almino Afonso is not seeking out only the PT: he intends to have talks with the PDT and the PFL, but he has already ruled out the possibility of reaching an understanding with the PDS, and PTB, a party he belonged to before leaving the country and seeking exile for more than 10 years. As president of the PMDB in Sao Paulo, one of Almino Afonso's tasks is to attract to the party the leadership that comes out of popular movements, which shows a concern with the growth of the PT in the state. In taking office yesterday, Almino Afonso confessed one thing: he backs Quercia, but he promised that, as president of the PMDB, he would not exert influence in favor of anyone, even in the primaries to be held so that the party can choose its candidate for governor. The primaries will be held by the first part of March.

A Party

The ceremony in which Almino assumed the presidency was over an hour late, and was attended by the following, in addition to representatives of boards of directors: the president of the Assembly, Deputy Luis Carlos Santos, former prefect Mario Covas, Jose Luis Portella (special adviser to Governor Franco Montoro), a representative of Montoro, Secretary Bresser Pereira, the deputy prefect of Santos, Esmeraldo Tarquinio Filho, and state secretaries and deputies. But Montoro, Fernando Henrique and Ulysses did not appear. The governor claimed he was on a trip to the interior, Senator Cardoso went to Israel and Ulysses was in Brasilia.

There were two speeches: one from the outgoing president, Deputy Valdemar Chubaci, and another by the new president, Almino Afonso. Both spoke of the same thing: their concern over party unity. The PMDB is afraid that internal divisiveness will bring them another electoral defeat, this time

in the elections for governor. This was why Chubaci shouted out demanding "unity, unity, unity" in his speech. Almino Afonso spoke next, praising the popular movements and saying that there is infighting because the PMDB "is a party with many leaders."

Almino drew attention to one fact: that the democrats are pressured on one side by the right and on the other by the leftist opposition, to which he does not belong. According to him, these leftists act as though there had been a people's revolution in the country. Almino acknowledged that Brazil was going through a political transition, but he said that only the PMDB-- "a mature party"--could bring true democracy to the people. "The PMDB was the spokesman for protest in the past. Now our main role is to build our democratic tomorrow."

His term of office will be marked by two things he has promised to do: 1) bring the party back to a grass-roots level, by maintaining a closer relationship with management and listening to people's demands; 2) open up the doors of the party and hold public debates on topics of national interest. Almino has further promised to build a hall with a 400-seat capacity out of current headquarter funds.

Almino Afonso praised Mario Covas, Fernando Henrique Cardoso and Valdemar Chubaci, three former presidents of the Sao Paulo PMDB, but he declared in his speech that there was a candidate to succeed Franco Montoro. He later explained that as president, he will give equal treatment to the three candidates for governor: Orestes Quercia, Mario Covas and Almir Pazzianotto. During an interview he gave afterwards, a reporter asked him: "Could you tell us who your candidate is?" Almino was surprised at the question, claiming that there wasn't anything new. But, when the reporter insisted, he said, "My candidate is Orestes Quercia." The reporter asked again: "Why Orestes Quercia?" He added: "Because Quercia has good popular support." Almino then said: "I would like you to report that this is a personal preference and not a preference of the president."

Almino Afonso confirmed that the PMDB is going to hold primary elections immediately to launch a candidate for governor. According to him, the party congress can only be held between 15 May and 15 August. But the PMDB is going to hear the three aspirants for the candidacy separately, and schedule the primaries. The party does not want to run behind other candidates in the campaign, such as Deputy Paulo Maluf (PDS) and Foreign Minister Olavo Setubal (PTB/PFL). Once the primary elections are over, the party will have chosen its candidate and can begin campaigning immediately in the state.

#### Coalition

"I would like to have a coalition with the PT." With this statement, Almino Afonso disclosed that he will seek coalitions for the November elections. If necessary, he will also meet with Rio Governor Leonel Brizola, who is a friend of his. His preference for an agreement with the PT is based on the following line of reasoning: it would be a coalition of centrist forces with leftist forces, the same ones that Almino criticized in his speech as thinking in terms of a revolution in the short term.

Almino Afonso was irritated when a reporter asked him whether the spending of Governor Franco Montoro was not similar to that of the former governor of Rio, Chagas Freitas, and whether what had happened in Rio with Miro Teixeira might not be repeated in Sao Paulo with Orestes Quercia. Appearing indignant, Almino began by retorting: "It is an insult to compare a serious government such as Montoro's with Chagas Freitas'." He also said that 1986 "will be a year of gains" for us, referring to various projects completed, some in his area, the Secretariat of Metropolitan Businesses. Orestes Quercia's deputy governor should, in his opinion, be "a progressist." Almino confirmed that he is a candidate for the Senate, since Severo Gomes left the Senate and he is completing the rest of his term, as Severo's alternate.

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BRAZIL

MINISTER VIEWS PRESIDENTIAL TERM, RULING COALITION

PY011718 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT  
28 Feb 86

/Text/ Speaking in Porto Alegre, Army Minister Gen Leonidas Pires Goncalves yesterday condemned the campaign to reduce President Jose Sarney's term to 2 years. He said that the proposal is politically imprudent and that it could turn into an "impreachment" /in English/. The minister recalled that the Constitution establishes that the presidential term must be 6 years and that both Tancredo Neves and Jose Sarney agreed to reduce it to 4 years. However, he stressed that any change must be made through the constituent assembly.

General Pires said that PMDB /Brazilian Democratic Mobilization Party/ leaders are clearly aware of their responsibilities and of their importance for the Democratic Alliance /AD/.

/Begin Pires Goncalves recording/ I believe the New Republic enjoys the support of a powerful force, the AD, whose main pillars are the PMDB /Brazilian Democratic Mobilization Party/ and the PFL /Liberal Front Party/. I am convinced that the PMDB members are also aware of this situation. I am confident that their devotion to the people and their patriotic responsibility (?will preserve) the AD, and that the government will be able to do its job to the benefit of Brazil. /end recording/

Pires Goncalves reacted against the statements by Senator Fernando Henrique Cardoso that the moderate wing of the army is influencing the government. The minister said that the army has no power within the government and that it is dedicated to its professional duties.

The army minister believes there is no need to expedite the resumption of diplomatic relations with Cuba. He said the National Security Council is considering several reports to provide all the necessary information to President Sarney, who will make the final decision.

Regarding the military agreement with the United States, the minister denied that the United States wants to resume it. He said he hopes the armed forces of the two countries will tighten their bilateral ties.

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BRAZIL

PLANNING MINISTRY ANNOUNCES IMPORT LIMITS FOR STATE FIRMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jan 86 p 22

[Text] Brasilia--Yesterday the Ministry of Planning announced the limits to be imposed this year on state firms with regard to imports of both the direct and commercial leasing types--rentals or purchases of foreign products for the domestic market.

The limits imposed amount to a total of \$2.197 billion for direct imports (except oil and wheat) and 1.692 trillion cruzeiros for purchases and rentals for the domestic market. SIDERBRAS is expected to import the largest amount, totaling \$600 million, followed by PETROBRAS with a limit fixed at \$270 million. With regard to the domestic market, the Treasury Ministry will make the most purchases, totaling 555.1 billion cruzeiros.

There was an increase of 0.5 percent in direct imports. As for domestic purchases, the nominal increase was 170 percent, equaling the level of inflation included in the budget of the state firms. However, considering the estimated variation in the exchange rate this year, there was a real reduction of 1.6 percent.

According to SEPLAN, those limits were stipulated on the basis of proposals submitted by the state firms, the proposals having been analyzed in keeping with directives of economic policy. In view of the problems facing the international scene as a whole, the country had difficulty in maintaining the trade balance on the plus side; that is why SEPLAN is finding it necessary to impose strict control on imports, "permitting only those absolutely necessary for economic and social development."

Therefore, according to SEPLAN, the decision to establish limits on direct imports was aimed particularly at maintaining the import of raw materials, spare parts and replacement items at an adequate level in order not to prejudice the economic activity of the state firms, notwithstanding bilateral accords or agreements with international financial organizations essential for the proper operation of those firms.

With regard to the domestic market, the intention was to eliminate direct imports as much as possible, principally those involving replacement parts, because of the difficulties in financing imposed by the suppliers. As for

the leasing of foreign products, basically Xerox and computer equipment, SEST considered only part of the requests made by the state firms in order to hold down excessive costs with regard to that equipment and to offer "greater stimulus to domestic firms."

#### The Presidency

The cabinet of the Presidency of the Republic has a zero limit on direct imports this year and 470 million cruzeiros for the purchase of foreign products on the domestic market. The Vice Presidency has no allocation for the purchase of imported products. The National Security Council is permitted to make purchases from the domestic market totaling 150 million cruzeiros. The National Information Service (SNI) is authorized to spend \$300,000 for direct imports and 1 billion cruzeiros for foreign products offered on the domestic market. The Armed Forces General Staff: \$1.3 million and 135 million cruzeiros within the country.

The Ministry of Aeronautics has \$210 million for direct imports this year and 37.8 billion cruzeiros for the purchase of foreign products in Brazil. The Ministry of Science and Technology: \$18 million and 7.6 billion cruzeiros. Communications: \$30 million and 143.86 billion cruzeiros. The Ministry of Army: \$45 million and 11.51 billion cruzeiros. The Ministry of Navy: \$168 million and 7.59 billion cruzeiros. Mines and Energy: \$130 million and 23.3 billion cruzeiros. ELETROBRAS: \$155 million and 89.1 billion cruzeiros.

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BRAZIL

PETROBRAS SAVINGS IN 1986 OF US\$1 BILLION; PLANS NOTED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 86 p 27

[Text] Rio de Janeiro--Carlos Sant'anna, sales director of PETROBRAS, estimated that approximately \$1 billion in foreign currency would be saved by the country this year due to the drop in imported oil prices. Sant'anna based this conjecture on what he termed "studies and projections" carried out by the company within the past few days and which fix the price per barrel of oil at \$22 compared with the present \$26.

Carlos Sant'anna considered the present drop in the price of oil on the international market as "highly favorable to Brazil which will be importing 484,000 barrels of oil per day for the rest of this year." The PETROBRAS director spoke yesterday in Rio against the firm's deceleration in investments in the exploration and production of oil, arguing that this measure could place the country in the same position of dependency on imported oil as it faced in the 1970's.

Excessive Supply

Sant'anna attributed the sharp drop in the price of oil on the international market in the last few days to Saudi Arabia's unilateral decision to increase production from 1.8 million barrels per day to 4 million. "The excessive supply of oil caused the price to drop," he said.

In Sant'anna's opinion, it is still too early to know for sure what the international oil market will do. "We are in the eye (center) of a hurricane and, as such, it is very difficult to make predictions," he said. "We believe that only after the middle of February, after OPEC's scheduled meeting to analyze the present crisis provoked by the drop in prices, shall we be able to get a clearer picture of the situation."

Sant'anna supported his contention by saying that certain information disclosed by international agencies indicating that Iran and Egypt were cutting their production in half was sufficient to cause a price reaction in New York. "If OPEC decides to reduce the present production to 3 million barrels per day and establish quotas for the member countries, the prices will begin to rebound," he said.

## Production

Sant'anna asserted that PETROBRAS is not thinking of reducing domestic production of oil and relying on imports of that product in order to benefit from the drop in prices. He said that this decision is not even within the jurisdiction of his firm but rather the prerogative of the government.

The PETROBRAS director believes that any decision to alter the firm's investment plans because of the drop in prices should be made only after obtaining a clear picture of the situation. He recalled that during the period from 1974 to 1979 PETROBRAS was accused of being irresponsible and lacking in foresight inasmuch as it allegedly should have engaged in exploration and production on a large scale but did not do so, thus plunging the country into the oil crisis. "If PETROBRAS begins to curtail production, when we arrive at the decade of the 1990's, we shall again be accused of lack of foresight," he said. "They will say that only because there was a slight drop in prices we curtailed our entire production. I believe that we must prepare for the next decade just as the state firm employee must always prepare for the next examination."

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BRAZIL

MONETARY COUNCIL APPROVES BANK ACTIVITY CHANGE

PY052256 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jan 86 p 27

[Text] During a 3-hour meeting yesterday, the National Monetary Council [CMN] approved measures to streamline the Bank of Brazil's [BB] activities. These measures include changes in the BB's treasury account at the Central Bank [this account is managed by the BB as the government's financial agent, with statutory authority to print money for the account, if necessary], as well as other changes that will allow a reduction in interest rates and the fiscal deficit, and reduce the inflation burden.

Here are the main measures approved:

1. As of now, all operations carried out by the BB for the National Treasury will be made with the BB's own resources, no longer with interest-free Treasury resources. At the same time, other complementary measures will be taken, including: a) issuance and retiring paper money will be carried out through the BB's reserves account; b) the automatic system to level the BB's reserves with its legal compulsory deposits has been eliminated; c) the BB is authorized to carry out any active, passive, and complementary operations allowed to the rest of the banking institutions; d) the BB will have access to the liquidity rediscount facilities; 3) the monetary base concept is redefined and restricted to Central Bank accounts, allowing the BB greater freedom to raise money and grant loans; and f) the daily liquidity position resulting from the balance of the debit and credit account related to the government's budget, including deposits made by the federal government's agencies, will constitute the BB's specific reserve in the Central Bank.
2. Changes were approved in the regulations of "open market" [in English] operations involving repurchase contracts. Also as of now, the banks will have an additional capacity to carry out operations of 5 to 15 times their liquid capital.
3. An increase from 12 to 15 percent of the compulsory deposits on saving accounts has been approved. This measure does not reduce the volume of resources currently available for financing housing facilities and it will not have any effect on the holders of saving accounts.

4. Authorization for the establishment of a branch of the Sao Paulo City Bank in New York has been revoked. The CMN also agreed that the opening of new bank branches abroad is inopportune as long as the current situation of the international financial market prevails.

5. The CMN approved regulations establishing guidelines for the installation and operation of bank offices. These regulations seek to simplify and debureaucratize the granting of authorizations for the operation of these offices.

6. The CMN has approved the renewal of the principal of the public sector debt with financial enterprises. This debt falls due in coming years under the same terms as in 1985, that is, a total rollover.

The CMN has also approved the guaranteed minimum price for the northeastern harvest and for the second harvest of the center western, southeastern, and southern areas. The average increase of the minimum prices for the two harvests is approximately 210 percent. Since the beginning of the harvest is scheduled for the month of May, the inflation rate for the next 2 months should not exceed 10 percent, so that the price increases do not remain under the inflation rate.

The CMN also approved the proposal by Andre Franco Montoro, Filho, president of the National Socio-Economic Development Bank (BNDES), to establish a special credit program for agrarian reform (Procera), with a cost assessed in ORTN [National Treasury Readjustable Bonds] plus 3 percent per year. These special credits are payable in 8 years, with a 3-year grace period.

The minimum maturity term for bank deposit certificate, and bills of exchange bearing a pre-established interest rate plus monetary correction on the ORTN has been reduced from 180 days to 90.

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BRAZIL

FUNARO ON PUBLIC DEBT, RISK OF MARCH INFLATIONARY SPIRAL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jan 86 p 28

[EBN interview with Finance Minister Dilson Funaro in Brasilia on 30 January 1986: "Funaro Discounts New Recession"]

[Text] Finance Minister Dilson Funaro granted an interview yesterday to the Brazilian News Agency (EBN) in Brasilia, answering questions from various communications media. He spoke about the change at the Bank of Brazil, the government deficit and combating inflation. The main portions of the interview are reprinted below:

[Question from reporter Mariluce Moura, chief reporter for the JORNAL DO BRASIL] The government is exhausting the methods it can adopt to fight inflation without hampering growth and causing a reaction among workers. What is it going to propose to guarantee lower rates in keeping with its agreement with labor?

[Answer] For a long time there has been a relationship between the Bank of Brazil and the National Treasury through an account called the turnover account. Under this account, the Bank of Brazil, as a monetary authority of the country, may use the federal government's resources to meet obligations of the government. Many people believe that our move to improve the operation of this account will weaken the Bank of Brazil, which is not at all true. With the turnover account operating during all these years, the position of the Bank of Brazil has diminished in this country in the past 5 years, with the exception of 1985. And it was not because of the turnover account that the Bank of Brazil was able to maintain its position. Its participation in the financial system was 25 percent and it fell by 7 or 8. In early 1985, we took steps once more so that the Bank of Brazil could continue to play--or so that it could reverse its downward trend and once again play--an important role in the financial system. The fact that we are operating an account like the turnover account does not in any way hinder the Bank of Brazil in its main task of being the element or instrument for development of this nation, so essential to the government and the country. The turnover account has obligations and benefits, as it is now being used. But perhaps it has many more obligations than benefits.

Inflation must be fought at its source. We have enacted tax reform, we are working on a bank reform, and we are creating buffer stocks. When wage-earners receive their paychecks on 10 February, they are going to see that we have made a substantial cut in the income withholding tax. And workers earning up to five wage units, who used to pay, will stop paying this year, which will benefit 1,250,000 people. And those who earn over five wage units, who must pay the tax, will certainly pay 25 percent of the withholding tax. The other 75 percent was reduced by the government, and this will not be reflected in prices. Under this tax policy, we penalized capital and we also taxed the worker. However, this income distribution policy of ours, perhaps one of the few ever applied in this country, will show that tax reform has contributed substantially toward combating inflation, because it has balanced the government budgets. The deficit this year will be one of the lowest in the country's economic history. This does help stabilize a country. And it is precisely this iron hand that the president is making Finance and Planning apply that is showing that this country's budget can be balanced.

[Question from reporter Romildo Porto, economic editor of the JORNAL DO COMMERIO in Recife and from Fernando Junior of Super Marajoara in Belem do Para] The New Republic and the Old Republic are competing in the struggle against inflation. Up to now, the Old Republic has been winning, because the highest rate of inflation has been registered in the New Republic: 16.2 percent. What specific measures can the government impose on management to contain inflation, and how would these measures be implemented?

[Answer] We are living in an economy in which all the factors are already more or less indexed. What happens when we try to enact an anti-inflationary policy is that we always have to be sure that any one of these sectors is within the indexing scheduled for the following month. Otherwise, inflation would just go up, because it moves at an incredible speed. What is the government trying to do? It is trying to control the situation, to make sure that some sectors do not move ahead of others in making these adjustments. Up to 1985, the sector which was lowest was the wage sector. For a long time, with Law No 2065 readjusting 80 percent of wages, the government kept wage-earners below the inflation line. We must point to something extremely important in this country: there was a significant difference between economic behavior in 1984 and 1985. In 1984, Brazil showed little growth. We started 1985 in March with little hope, and then between March and December 1 and 1/2 million jobs were created. This may be one of the most audacious plans Brazil has ever applied.

[Question from reporter Arnolfo Carvalho from the CORREIO BRAZILIENSE, Brasilia] Mr Minister, why does the New Republic continue to try to stop up the hole with a sieve in this matter of inflation, and not attack the root of the problem, namely, the monstrous internal public debt? Would it be because, if it were to do so, the price of the drop in inflation would be paid only by the wealthiest class in this country, which has financial assets?

[Answer] This is something we need to look into. The internal and external debt amount to 700 trillion cruzeiros, with the internal debt accounting for

200 trillion cruzeiros or 17 percent of Brazil's gross domestic product. And 17 percent is not such a large figure, since in the United States it is about 40 percent, in Japan 60 percent, in Italy the internal debt amounts to 100 percent of its gross domestic product, and in Belgium 110 percent. The important problem the gentleman is referring to, and rightly so, is the problem of debt servicing, or the cost of this debt. Brazil has been paying extremely high interest rates, perhaps some of the highest interest rates in the world, for a long time--the past 4 years. We cannot transform this country into a country in which risk-free capital yields high interest like this. We are constantly knocking down the interest rate in this country to ease the situation.

[Question from reporter Wanderley Carvalho, economic editor of the TRIBUNA DA BAHIA] With the price freeze applied by the government to contain inflation in February, isn't there a risk of a new outbreak of inflation in March, when the frozen prices take off again?

[Answer] What we are doing is setting market prices for goods which the government has in stock. In these 3 months we have placed a million tons of foodstuffs on the market for the people. We are guaranteeing that in the next 4 weeks some of these foodstuffs will have a set price on the market which will not change. We are applying a price that will discourage speculation, a lower price to regulate the market at a level the people can afford.

[Question from reporter Gilberto Demeinstein from FOLHA DE SAO PAULO] Mr Minister, since 1986 is an election year and since this could cause inflation rates to go up as a result of politicians' demands for government projects, what does the government intend to do to prevent the government machinery from getting caught up in the campaigns, without altering the base of government support?

[Answer] Every day we are discussing with the people the faults and gains of the government. Now, during a campaign year, the president's position is the same as it was last year, which was also an election year, namely, a position of commitment to the people, and a commitment to put the country in order. I believe that if we are successful in this task, we will have made a major contribution and it will be a major political gain.

[Question from Clecio Vargas de Oliveira from the paper INDUSTRIA E COMERCIO, Parana] Will the recent government move to cut back financial resources to the states also be applied to the southern states affected by the drought, as is the case with Parana?

[Answer] What the government has arranged with the governors of the southern states, and this was made clear yesterday, will still hold true despite the election campaigns. In November and December we provided a great deal of aid, just to meet the needs of the producer and the farmer in the field who need the resources. This has placed a substantial burden on the government, but the problem is acute, and the federal government has given its full support.

[Question from reporter Sergio Chacon from the Brasilia office of the newspaper O ESTADO DE SAO PAULO] Coffee roasting plants are speculating with coffee, vehicle assembly plants are speculating with automobiles, and commodity traders with foodstuffs which are going to be scarce in the South because of the drought. Mr Minister, isn't it time for the government to use the police to defend the economy and the consumer?

[Answer] In actual fact, what we need is production, because when the government does not have buffer stocks, what happens is what happened in January: inflation goes up as it did then. When there are buffer stocks, there are no commodity speculators. Much more than police, we need buffer stocks.

[Question from reporter Miguel Dias from Sistema Globo de Radio, Sao Paulo] Prices for cars have been on a constant rise, and don't you believe that these price increases which are clearly linked to the short repayment terms could force the middle-class buyer out of the market?

[Answer] At a time when we knew demand for automobiles was high, the government did the right thing. It cut credit to the consumer to see if the market wouldn't cool down a little. When this market cools down, the market for used cars, which the middle classes have bought and paid for at prices well above what they are worth, cools down. However, in practice, these measures do not drive the middle class out of the market or reduce the purchasing power through credit of that class. They do, however, somewhat stabilize prices. The measures are dynamic: when the market starts to change, there is nothing to prevent us from again providing financing on 10- or 12-month terms.

[Question from reporter Elias Jose from Radio Bandeirantes, Sao Paulo] With inflation accelerating at a rate of 16.2 percent, isn't the government going to rethink its position and meet the demands of the labor movement by giving in to quarterly wage adjustments? This was also the question of Elio de Alfreu of Radio Cultura, Para.

[Answer] Here again is the problem of quarterly adjustments, which must be viewed from the standpoint of the country as a whole. What has the government done? In this price and wage race, it has endeavored to control prices so that wage gains will be real for a long time. Because if they are real at the start, and then prices go up even more, this wipes out any wage gain. We are going to have, and we already have had in recent years, a continuous race between wages and prices.

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BRAZIL

1986 SAVING ON DEBT SERVICING SEEN TO TOTAL \$350 MILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 26

[Text] Brazil will save about \$350 million this year through the replacement of the prime rate by the libor, the elimination of the flat fee (service tax) and the reduction of the spread (risk tax) in the contracts of the short-term renegotiation of the foreign debt now underway in New York, according to information released yesterday by Paulo Nogueira Batista Junior, head of the Ministry of Planning's economic advisory board.

The prime rate, New York's preferential interest rate, is always higher than the libor, London's market rate. The flat fee reached 1.5 percent in 1983 and 1 percent in the negotiations of Brazil's debt in 1984. And the spread, from 2 percent in past contracts, should drop, according to the government's expectations.

Paulo Nogueira points out that the Brazilian renegotiation over the short term contains an element of innovation--namely, the conclusion of a contract directly with the creditor banks without the necessity of a formal understanding with the International Monetary Fund. Moreover, the absence of a contingency clause whereby Brazil would be protected in case of an increase in the international interest rates or a drop in exports is not considered essential by Nogueira Batista, since the renegotiation underway is of short term.

New Profile

The structuring of a new profile of economic policy, trying the inflationary peak of May in with the labor grievances, the effects of the fiscal package on the financial market and the breakdown of the progressive pattern are some of the topics discussed in the situation report "Economy in Perspective," published yesterday by the Regional Council of Economy of Sao Paulo State.

This newsletter mentions achievements such as the lack of a recession, wage recovery and drop in unemployment and discloses that the confrontation with the IMF, the approval of the fiscal package of December and the recent change in the account movement between the Bank of Brazil and the Central Bank show that "we are faced with a painstaking transformation in the administration of public accounts." Prof Jose Carlos Braga, member of the editorial staff, asserts that all those measures place the public debt at its limit.

Meanwhile, he points out that the basic problem--combating inflation--still needs to be confronted through the establishment of agricultural and industrial prices and an "urgent" definition of the social pact. The economists are in agreement concerning probable inflation in the next few months: "We shall have a period of calm, around 13 percent, inasmuch as the figure of 16.2 percent experienced in January was atypical (dry spell, extension of the assessment period, end-of-the-year euphoria and change in the index). But in May inflation will again rise if the government is ill-prepared to meet the workers' demands. Meanwhile, if we can get our accounts on the plus side and carry out our programs, it is quite possible that inflation can be stabilized at a new level of 300 percent per year," says Carlos Alberto Longo.

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BRAZIL

UNEMPLOYMENT RATE IN GREATER SAO PAULO DOWN 21 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Feb 86 p 38

[Text] The unemployment rate in Greater Sao Paulo reached a level of 9.8 percent in the period October-December 1985, representing a reduction of 21 percent compared with the same period in 1984. The number of unemployed in the area in question dropped from 825,000 in December 1984 to 699,000 by the end of 1985. These figures were released yesterday by the SEADE/DIESSE Foundation and were based on a survey of the employed and unemployed in Greater Sao Paulo as made by the foundation each month.

The survey also shows that, out of a total of 699,000 unemployed, 414,000 are job hunting (having sought work during the 30 days prior to the interview); the remainder (285,000) are in unidentifiable unemployment (holding down dangerous jobs or simply not seeking employment due to lack of interest in the job market).

In the opinion of Rubens Murillo Marques, executive director of SEADE, the drop in unemployment, dating back to April 1985, is a consequence of the economic recovery underway during the past few months. This development has favored the job-hunting segment over the immediate term resulting in an annual reduction of 20.5 percent. In the unidentifiable unemployment segment the annual reduction was 38 percent due to the seasonable effect characteristic of the end of the year.

This information was substantiated by the fact that the commercial sector, which contains the greatest number of high-risk jobs, showed an increase of 8.8 percent during the year as a whole; however, 5.1 percent of that increase occurred during the last quarter. Among the other sectors, the converting industry gave rise to the greatest number of jobs: its increase was lasting and showed an annual rate of 13.8 percent. The service sector, which was also hit with considerable unemployment, showed an increase of 10.6 percent.

According to the survey, the segments most affected by unemployment are the female PEA (Economically Active Population), nonwhites, those younger than 18 years of age and migrants with up to 3 years of residence in Greater Sao Paulo. Unemployment is higher outside the capital. The survey also shows that the average time spent in job hunting was reduced from 8 months at the end of 1984 to 5 months last December.

In the job category, the survey shows a growth of 10.3 percent in 1985 and 2.1 percent in the last quarter with the creation of 603,000 jobs, principally for wage earners (11.9 percent). Self-employment amounted to 3.4 percent. With regard to earnings, the survey showed that there was real gain in the period September 1984 to November 1985 which, according to Murillo Marques, favored 25 percent of the population with greater earnings: the average earning was 14,500 cruzeiros per month, with 13,700 cruzeiros per month for the 25 percent with increased income compared with 3,000 cruzeiros per month for the 10 percent who earn less.

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BRAZIL

BRAZILIAN -U.S. TALKS ON SHARE OF COMPUTER EQUIPMENT MARKET

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 3

[Editorial: "Why Not Talk?"]

[Text] The dialogue between Brazil and the United States regarding the protected computer equipment market is reaching an impasse, it has become clear from the consultations held in Caracas. Brazil refuses to discuss the matter with the Americans, preferring to put the subject off to the area of the GATT, where the discussions could go on for years without any practical results. Under pressure from the U.S. Congress, President Reagan has delayed--and is delaying--as long as possible the adoption of sanctions against Brazil, but he will be obliged to take action because of the United States' own domestic politics. We have learned that next year the U.S. Government will officially ask Brazil for bilateral consultation on the matter. If the Brazilian Government continues to refuse to discuss the issue of the reserved market, the sanctions will be inevitable. Admittedly, however, perhaps they will only be applied next year.

In Brazil, the division existing in government circles is clearly evident. Itamaraty is inclined to negotiate, taking into consideration primarily the international context, the status of bilateral trade relations, which are highly favorable to Brazil, and the need to have the United States as an ally in the negotiations with the international banks, principally the North American banks. This is certainly not a propitious moment to get out there and fight on behalf of computer legislation which benefits only a small segment of Brazilian industry, to the detriment of the nation's economy as a whole, of the absorption of technology and of progress.

The Ministry of Science and Technology, which is inexplicably involved in the computer issue, has taken a radical and xenophobic position: the reserved market is a sovereign matter and should not be discussed with any foreign country. This is an extremely unrealistic position, considering that Brazil is highly dependent on trade with the United States; in 1985, Brazil's trade balance with the United States showed a surplus of \$5 billion! A more drastic stand by the United States, imposing restrictions on imports of Brazilian products in retaliation for Brazil's position regarding the importation of American computer products, could severely affect our trade balance.

According to Article 301 of the Trade Act of 1974, the president of the Republic of the United States of America can apply sanctions against countries which adopt policies restricting imports of North American origin. This would apply to computer ware and Ronald Reagan is experiencing strong pressure from the Congress to take action against Brazil. The U.S. leader apparently wants to temporize; after he received the report on Brazil's protectionist measures against U.S. products and companies, over a month ago, he created a commission to study the matter and now he has put off until March the request for formal bilateral discussions, when he could take such a step now, in view of the failure of the Caracas discussions. It is not very likely, however, that Reagan can resist congressional pressure much longer, considering that the arrogant pronouncements of the Brazilian ministers and of the Brazilian president himself, defending the "nationalism" which inspired the computer law, have certainly been no help to [Reagan] in his dialogue with the U.S. Congress.

A heightening of the tension is thus foreseeable. The Brazilian Government should behave like a mature country and agree to bilateral negotiation, inasmuch as it could lead to a constructive agreement of benefit to everyone, particularly to the development of the national computer industry, which now depends on an aboriginal technology. Nothing, absolutely nothing, except the stupidity of the reactionary nationalists explains this stubborn refusal to engage in a dialogue, a discussion. We cannot shut our doors to a trading partner so necessary to us.

What impediment is there to an official discussion? None! Unless it is the fear that it will be demonstrated that some individuals have been leading us down the wrong paths.

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BRAZIL

COMMUNICATIONS SECTOR SPEARHEADS ECONOMIC GROWTH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 30

[Text] The communications sector was most instrumental in enabling Brazil to register the world's highest economic growth rate (7.5 percent) last year, states a report by TELEBRAS [Brazilian Telecommunications, Inc], an enterprise linked to the Communications Ministry. According to the calculations of the Brazilian Institute of Economics, of the Getulio Vargas Foundation, the communications category presented an individual growth of 16 percent, the most impressive recovery since the country's economic indicators began to reflect the resumption of development.

According to TELEBRAS, the most important gains were observed in the program to expand public telephone service, which permitted a large increase in number of terminals. The number of public phones increased 9 percent over 1984, with the addition of almost 9,000 new phones of the type which make local and DDD [Direct Distance Dialing] connections. The "Speak Easy" network was expanded by 49.6 percent and the number of semipublic phones rose 36.1 percent. The community switchboards, which can serve groups of up to 100 subscribers in the most needy areas of the large cities, were serving 11,855 new subscribers in 1985 and the number of rural properties and centers with communications systems increased 7 percent, from 78,000 to 83,580.

The number of telephones in the country grew last year from 10,975,000 in December 1984 to 11,250,000. According to the report, as a result of the growth in the number of terminals during 1985, the ratio of telephones per 1,000 inhabitants (on which TELEBRAS bases its calculations to evaluate the distribution of telephones) rose to 8.6 phones per 10,000 inhabitants. New customer requests for telephone service declined from 83.8 [per 10,000 inhabitants] to 82.6 in December 1985. TELEBRAS ended the year with a volume of terminal contracts at least 80 percent higher than in 1984. Regarding the nationalization of the sector, it has risen from between 80 and 95 percent to between 96 and 98.5 percent. The TELEBRAS system closed the calendar year with a net profit of 5.2 trillion cruzeiros. According to the company, productivity and cost control were responsible for this profit, despite the fact that the increase in telecommunications service charges was below that of inflation; rate readjustments amounted to 171.6 percent and inflation for the period was 233.7 percent.

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BRAZIL

IBGE REPORT NOTES 8.5 PERCENT INDUSTRIAL GROWTH IN 1985

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 30

[Excerpt] Brazilian industry showed a growth of 8.5 percent last year with positive results in all industrial sectors. The mining industry showed a growth of 11.5 percent and the converting industry 8.3 percent. This information is included in an article entitled "current Indicators of Brazilian Industry and Production for December," published yesterday by the directorate of the IBGE.

The monthly industrial growth rate in December showed an increase of 12.1 percent over the same month of the previous year. This confirms the rapid growth rate during the second half of 1985 when the average industrial growth reached 10.8 percent; the last quarter was particularly noteworthy (11.7 percent) or 10 percent higher than the July-September period.

The real increase in wages as a whole explains the increase of 15.1 percent in the production of durable consumer goods in 1985 and the significant advance in the production of nondurable consumer goods (7.9 percent)--the best performance since 1976. There was an increase of 12.3 percent in the production of capital goods, achieved principally by the truck and bus segments as well as by the sector involved in the generation and conveyance of electrical power.

Some products, clearly associated with the mining and converting industries, showed appreciable recovery throughout the year.

In comparison with 1984, the electrical equipment sector showed a growth of 19.3 percent, thus making up for the crisis in that sector from 1981 to 1984 (an accumulated negative result of -5.6 percent).

With regard to the chemical sector, considering its behavior from 1981 to 1985, we see that the annual growth rates were higher than those chalked up by the industry as a whole, except for last year when it was 2 points below the overall average--namely, 6.5 percent. This positive result is due to an increase in the production of anhydrous alcohol (48.4 percent) and hydrous alcohol (21.8 percent).

## Metallurgy and Machine Tool Sector

The metallurgical industry showed negative production rates in 1982 (-3.7 percent) and in 1983 (-2.4 percent); however, in 1984 the performance was excellent (13.8 percent) due to an increase in exports. Last year, considering the high level used as a basis of comparison, the production rate was relatively high (7.0 percent), maintained by an increase in domestic demand. The production of steel castings and forgings increased by 11.4 percent and that of pig iron 9.4 percent. The machine tool industry showed a growth rate of 10.1 percent (18.6 percent in 1984) with an overall increase in the production of machine tools and equipment.

With wide variations in the monthly growth rates in the first half, the transportation equipment sector showed a growth of 11.7 percent in 1985 compared with the previous year. The principal areas which produced these positive results were automobiles and pickup trucks (11.2 percent) and heavy trucks and buses (28.6 percent).

After showing a negative performance in 1983 (-10.5 percent) and 1984 (-3.6 percent), the textile sector has now shown positive growth (13.6 percent), and this is due to an increase in domestic demand, giving rise to a resumption of investment in that sector.

The mining industry grew 11.5 percent, due particularly to good performance in the petroleum and natural gas sectors (16.8 percent), a production rate two and a half times greater than that recorded in 1981.

From 1981 to 1984 the nonmetallic ore sector showed a negative rate (-18.9 percent) due to unfavorable conditions in the construction sector, principally in that of large buildings. But in 1985 the growth rate was 7.5 percent compared with 1984. The areas which contributed the most were concrete and cement structures (18.0 and 4.8 percent, respectively).

The clothing sector showed a growth rate of 7.5 percent.

The industrial sector showing the poorest performance in 1985 was that of food products which essentially duplicated the 1984 performance (0.1 percent).

8568/9435

CSO: 3342/73

BRAZIL

MILITARY IDEAS ON ROLE, CIVILIAN IDEAS ON SECURITY DEFINED

Sao Paulo ISTOE in Portuguese 29 Jan 86 pp 18-20

[Text] Since 1935 when its first version was imposed upon the country by the Vargas government as inspired by military leaders closely allied with strong regimes, such as Gen Pedro Aurelio de Goes Monteiro, the National Security Law [LSN] has served typically to blend the security of the nation with that of the state. In the most recent--and longest-lasting--authoritarian cycle of Brazilian history, inaugurated by the 1964 military movement, that characteristic was carried to the extreme by the LSN version imposed in September 1969 by the military junta which came into power upon the impeachment of Gen Arthur da Costa e Silva. The author of the text in question, Justice Minister Luiz Antonio da Gama e Silva, now deceased and not fortuitously editor of Institutional Act Number 5 of December 1968, produced a code of unequaled severity which gave the state free rein to commit all sorts of despotic acts against its enemies--real or imaginary--under pretense of "guaranteeing the attainment of national objectives in the face of any form of opposition, domestic or foreign."

Although gradually mitigated by presidents Ernesto Geisel and Joao Figueiredo in 1978 and 1983, the LSN survived as the emblem par excellence of the defunct military regime. An anachronistic inheritance, the civilian regime finds itself faced with the necessity of giving the LSN an appropriate interment. The government began to respond to this necessity last week when Justice Minister Fernando Lyra gave President Jose Sarney (and had published in the DIARIO OFICIAL) the draft of a new law to be called "Law for the Defense of the Democratic State"--which literally abrogates the spirit, letter and scope of authoritarian legislation. Also last week, by significant coincidence, the armed forces directed a document containing ideas relating to their role in the new democratic order to the committee which, as part of the commission on constitutional studies headed by jurist Afonso Arinos, is examining the question of the "defense of the state, civilian society and democratic institutions."

The bill proposed by the Ministry of Justice deals in essence with guarantees of the integrity of the state and the exercise of citizenship. The document put out by the military deals with the constitutional definition of the role of the armed forces. The bill is to be voted upon by the present Congress. The document leaves it up to the next Congress, to be elected in November, to

draw up the country's new constitution. Moreover, these are obviously directly related subjects: with dictatorships as with democracies, it is not possible to speak of defense of the state without speaking of the role of the armed forces. The Brazilian military sector wants to stay out of the state's political administration. But it does not want to shun responsibility for the country's order and internal security--without, obviously, speaking of external defense. For this reason in particular, Army Minister Gen Leonidas Pires Goncalves sees no reason to meddle in Article 91 of the present constitution which says: "The purpose of the armed forces, essential for carrying out the national security policy, is to defend the country and safeguard the constitutional powers, law and order."

Aeronautics Minister Brig Gen Octavio Moreira Lima is of the same opinion. "We see no reason to change that text," Gen Lima told OSTOE's Ariosto Teixeira. "But that is a subject for discussion by jurists, members of the constitutional assembly," he points out. For some jurists the problem is the expression "established powers" as stated in that article. "Established power can be a power established against the grain of the constitution, the result of a coup," contends Marcelo Cerqueira, professor of constitutional law and juridical adviser to the Ministry of Justice. Another military minister, who prefers to remain anonymous, states emphatically: "Naturally, what authorizes or fails to authorize a coup is not the letter of the law but the strength of the political institutions." According to him, "The army interfered in the political process in 1964 only because the civilian sector made it necessary for it to do so."

The civilian sector and the military now appear to be establishing a new kind of rapprochement. Last Wednesday, political scientist Helio Jaguaribe, jurist Miguel Reale Jr. and Prof Nei Prado, all members of the commission on constitutional studies, conversed for 4 hours in Rio with the following officers who came there to give them the document containing the ideas of the three armed forces branches for the future constitution: Vice Adm Mario Cesar Flores, Lt Gen Clovis Pavan and Brig Gen Carlos Anibal Pacheco. The best part of the chat seems to have been the general atmosphere. As Vice Adm Flores later said, there was a "warm exchange" between the military and the members of the commission. "The result was surprising," Professor Prado confirms. "Terms like 'reconciliation' and 'follow-up meeting' were widely used." Jurist Miguel Reale Jr. told the officers that his "taboos" with regard to the armed forces vanished that afternoon. Professor Prado was so impressed that he telephoned the military ministers the following morning to tell them about the "impact" which their representatives had had on the commission.

One of the suggestions presented by the armed forces spokesmen is the elimination of the state of emergency introduced into the constitution by former President Geisel as part of the amendment he used to nullify the AI-5. Emergency measures and the state of siege were permitted to remain, subject to the control of Congress. Corporals and career soldiers were given the right to vote; enlisted men were not. Soldiers on active duty would qualify as candidates for elective posts. Those with more than 10 years spent on a military base had only to receive permission; all others would need to transfer to the nonremunerated reserves. Unionization of the military would continue to be prohibited. Military service is mandatory. Women and fathers would cease to

be exempt from military service. The jurisdiction of the National Security Council would henceforth be determined by ordinary law and not by the constitution.

The military ministers are against the establishment of the Ministry of Defense. According to Minister Moreira Lima, the three branches of the armed forces "have certain special features which must be maintained." Another general opposes the concept recently proposed by Tancredo Neves with the argument that "since the defense minister would of necessity be a civilian, how would he distribute the funds, if his criterion were political?" Without considering the merit of military reasoning with regard to the new constitution, Paulo Brossard, consultant general of the republic and member of the constitutional commission, warns that "those suggestions will never be received in the form of an imposition or order; the Constituent Assembly is the highest authority." "We do not want to impose anything or give anyone orders. We want only to offer our opinions."

However, the military ministers did not want to do even this, at least publicly, with regard to the bill intended to replace the LSN, in which instance they were not even consulted. The bill required less than 2 months' work by the commission established for that purpose on 10 December 1985. The justice minister sought the participation of four jurists, all having broad experience in the defense of individuals accused of crimes against national security: Evandro Lins e Silva, magistrate of the STM [Superior Military Court], and criminal lawyers Rene Ariel Dotti, Nila Batista and Antonio Evaristo de Moraes Filho. Dotti, who on 2 April 1964 defended an individual accused of subversion, summed up the spirit with which the commission tackled the assignment: "The delivery took us only a few weeks, but the gestation period of this law lasted 50 years."

The commission dealt head-on with the doctrine of national security. In the words of Dotti, the bill "is not aimed at harassing parties and civilian groups; it is aimed at harassing those who are harassing those entities." One of the most controversial items of the document is the article which authorizes the interception of correspondence and wire tapping in police investigations during a period of 10 days by court order. Yves Gandra da Silva, president of the Sao Paulo Bar Association, had this reaction: "The justice system does not have enough judges qualified to grant such authorization." However, Jose Paulo Sepulveda Pertence, attorney general of the republic, considers such practices "essential" in combating terrorism.

Moreover, the timeliness of presenting such a bill is also criticized. For example, Senator Carlos Chiarelli, leader of the PFL [Liberal Front Party] in the Senate, believes that the matter should not be voted upon until the coming year. "A law of such magnitude," he reasons, "cannot be ratified by a Congress on its way out and on the eve of the Constituent Assembly." In any case, general discussion of the bill will now begin and, in this connection, "President Sarney wants to receive input from all sectors of society," says Minister Jose Hugo Castelo Branco, chief of the civilian cabinet of the presidency. For this purpose, the Ministry of Justice is now distributing more than 3,000 copies of the document. The discussion in question will give a preliminary indication of the constitutional role which the military sector expects to play in the democratic state.

# MINISTERS TO PAY FIRST VISIT TO ANTARCTICA

PY272316 Paris AFP in Spanish 0037 GMT 26 Feb 86

[Text] Brasilia, 25 Feb (AFP)--It was disclosed here today that Brazilian ministers will pay their first visit to an Antarctic base. This visit will mark a new phase in consolidating the Brazilian presence in the sixth continent.

Itamaraty (Foreign Ministry) today disclosed that Foreign Minister Abreu Sodre, Navy Minister Admiral Henriqur Saboia, and Science and Technology Minister Renato Archer on 17 March will travel to the Comandante Ferraz Base that Brazil maintains on King George Island.

This will be the first time that top echelon Brazilian Government officials will have visited the Antarctic.

Itamaraty spokesman Ruy Nogueira explained that the visit that the three ministers will make does not mean that Brazil has territorial interests in the Antarctic, or that it seeks to exploit the natural resources of this continent.

On 4 August 1985 Olavo Setubal, then the Brazilian foreign minister, asserted that Brazil wished to consolidate its presence in the Antarctic without territorial ambitions.

Setubal also admitted that a certain number of countries claim sovereignty over the Antarctic, some of them by tradition and others moved by sound reasons.

The countries that have territorial claims on the Antarctic are: Argentina, Australia, Chile, France, Great Britain, Norway, and New Zealand.

The Antarctic Treaty was signed in 1959 by 33 countries, of which only 16--including Brazil since 1983--have a consultative power.

Asian countries had upheld a resolution before the United Nations proposing to turn the Antarctic into a patrimony of mankind.

Brazil, without supporting a discriminatory policy, would prefer that the Antarctic continue to be administered by the consultative members of the Antarctic Treaty.

In order In order to become a consultative member, a country must carry out continuous scientific research and establish at least one permanent base on the continent.

The treaty has a duration of 30 years.

BRAZIL

RESEARCH UNIT TO DEVELOP ALCOHOL ENGINE IN 3 YEARS

Rio de Janeiro O GLOBO in Portuguese 2 Feb 86 p 41

[Text] Within 3 years, at most, the Aerospace Technology Center [CTA], of Sao Jose dos Campos, will provide all the technology needed for the production of alcohol engines for trucks, buses and tractors (200- to 250-horsepower engines).

Making the announcement, Brig Gen Hugo de Oliveira Piva, CTA director, explained that the engine will solve one of the nation's great problems: dependence on consumption of diesel oil. He commented that, if Brazil achieves unusual levels of economic growth, it will once again be dependent on imported petroleum, since there is currently no substitute for the diesel oil used in heavy vehicles. Diesel consumption has increased more than that of gasoline or alcohol.

The CAA director denied that the automobile industries had impeded the creation of an alcohol engine for heavy vehicles.

"The foreign assembly plants have neither hindered nor helped," the director said.

He admitted that these manufacturers work with diesel and gasoline engines the world over and obviously they would not invest millions of dollars just to help Brazil deal with a localized crisis.

He reported that at the end of this year the prototype of the engine which is being developed in the CTA will be in operating condition and then the phase of extensive performance tests will begin.

General Piva added that, after developing the alcohol engine for heavy vehicles, the CTA will turn its attention of automobile engines.

"Today, automobiles run on alcohol in gasoline engines that have simply been adapted. On the day that we succeed in building an engine specifically for alcohol, the performance will be much better," he said.

Finally, he said he hoped that the CTA would not have its funding cut for research on alcohol-powered engines. The estimated cost for the next 3 years is 100 billion cruzeiros.

6362

CSO: 3699/5

BRAZIL

BRIEFS

ENGINEERING PROJECTS IN AFRICA--Brazil may participate in energy and engineering projects in southern African countries financed by international agencies. To negotiate this participation, a government delegation has been sent to Zimbabwe and it will attend the Conference for the Development of Southern Africa. This will be the first meeting attended by all the foreign ministers of the member countries of the European Economic Community, which is interested in joint ventures. Brazil did not go with any specific project: it will consider African needs and financial proposals and then decide on its participation. At a previous meeting the Brazilian Government procured three projects in Angola: one to interconnect the electrical network throughout the country; another to build a small electrical power network; and a third involving the use of wood as fuel. There are also possibilities for further projects in the energy sector, one of the most precarious in African countries. The Brazilian delegation is headed by the African Department chief, Ambassador Asdrubal Ulysseia, and composed of three diplomats: the ambassador to Lusaka, Bernardo Brito; an official from the Technical Cooperation Sector, Vitoria Clever; and the head of the Trade Promotion Division, Tomas Guggenheim. [Text] [Rio de Janeiro O GLOBO in Portuguese 28 Jan 86 p 20] 9805/6091

EMBRAER OFFERS TO PRC--The Brazilian Aviation Enterprise (EMBRAER) is to participate in the Chinese Aerospace Fair in Shanghai in March of this year. For the first time a Western aviation industry will exhibit its products in that country. Among the products to be shown by EMBRAER is the Tucano, the AMX fighter-bomber, the Brasilia and the Bandeirante. China has been interested in buying Brazilian planes since March 1979, when China's vice premier, Kang Shi'en, visited Brazil. The Chinese want to modernize their Air Force, which uses antiquated training planes over 20 years old. During the fifties, the Chinese imported from the USSR the Lak-18A, a piston training plane, which they developed and, with a new design, converted into the so-called Chugiao-6 airplane, over 2,000 units of which were manufactured beginning in 1961 and some of which were exported to South Korea, Zambia, Vietnam, and Bangladesh. [Text] [Rio de Janeiro O GLOBO in Portuguese 27 Jan 86 p 13] 9805/6091

ENGESA ANTITANK MISSILE TEST--The first antitank missiles produced in Brazil will be put to the test within the next 10 months, according to an ENGESA executive. The missiles, which will increase the firm's foreign sales, are

being developed at the firm's technological center in Sao Paulo. According to ENGESA, the firm is using its experience in making tanks to develop the missiles. Another enterprise, Avibras, will test the Barracuda antiship missile in the next 6 months. It uses advanced technology similar to that of the French Exocet. During the second half of this year, the Piranha air-to-air missile, manufactured by DF Vasconcelos, will be mass produced and used in the AMX military fighter aircraft, which is made in Sao Jose dos Campos on the basis of Italian technology. [Text] [Rio de Janeiro O GLOBO in Portuguese 22 Jan 86 p 21] 9805/6091

1984, 1985 COFFEE EXPORTS--Between 1984 and 1985 Brazil's coffee exports showed a decrease of 2.3 percent; this decline is definitely attributed to the sale of green coffee to countries which are not members of the International Coffee Organization, a drop of 59.4 percent, and of soluble coffee to countries which are members of that organization, a drop of less than 21.1 percent. Of the two types Brazil exported a total of 19,143,141 bags of coffee in 1985 compared with 19,597,421 bags in 1984. Within the scope of green coffee, the number of new firms in the export sector showed a decline last year compared with the previous year, even though the Brazilian Coffee Institute had facilitated entrance into that sector. In 1985 there were 161 firms in that sector, 12 being cooperatives, while in 1984 there were 167, 13 of which were cooperatives. The port of Santos was the leader in coffee exports last year, shipping a total of 12,282,436 bags or 64.2 percent of the total for the nation; this is in comparison with 63.4 percent in 1984 and 55 percent in 1983. Of the total exported by Santos in 1985, 10,908,437 bags contained green coffee and 1,373,999 bags contained the soluble type. The other ports participated as follows: Vitoria, 14.6 percent; Paranagua, 10.7 percent; Rio de Janeiro, 10.2 percent; and Salvador, 0.3 percent. [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 30] 8568/9435

SETUBAL WITHDRAWS FROM RACE--Olavo Setubal has lost the election at the PFL /Liberal Front Party/ convention and withdrawn his candidacy for the governorship of Sao Paulo. Former Foreign Minister Olavo Setubal has withdrawn his candidacy for the governorship of the state of Sao Paulo. This opens the possibility that former President Janio Quadros may take Setubal's place as candidate. Former Sao Paulo Governor Jose Maria Marins nipped the political ambitions of Olavo Setubal. The convention of the Sao Paulo branch of the PFL, held yesterday, made possible the political maneuverings of Marins against the former foreign minister. In the morning, Olavo Setubal made it clear that he aspired to the presidency of the Sao Paulo PFL. Last night he learned that Marins headed a ticket seeking the executive directorate. The former foreign minister then decided not to seek his party's nomination for the governorship of Sao Paulo and for the presidency of the PFL Sao Paulo branch. Speculation that former President Janio Quadros might step down to run for the state's governorship may have contributed to Setubal's decision. /Text/ /Brasilia Radio Nacional da Amazonia in Portuguese 3 Mar 86 PY/ 12228

CSO: 3342/77

CHILE

1985 9-MONTH TOTAL IMPORTS, EXPORTS BOTH DECREASE

Santiago EL MERCURIO in Spanish 15 Dec 85 p A-3

[Text] During the first 9 months of 1985 overall Chilean foreign trade amounted to about \$5,045,000,000, which reflects a decrease of 8 percent, compared to the level recorded during the same period of 1984. The decrease was basically the result of lower imports, which registered a decline of 15.4 percent in 1985, compared to the first 9 months of 1984. The level of exports also decreased, but only by 1.1 percent.

The reduction in imports was expected, and this could have been anticipated on the basis of the official projections issued at the beginning of 1985. During 1984, when overall economic activity expanded at an annual rate of 6.3 percent, imports grew strongly, and it was foreseeable that this situation could not continue. The adjustment in trade was begun in September 1985 with a considerable devaluation of the peso. The conservative monetary and fiscal policies followed during 1985 resulted in a significant decrease in imports. This is an interesting achievement by the government, particularly if we bear in mind that Gross Domestic Product, while not increasing to any great extent, did not decline by comparison with 1984.

In addition to the adoption of an adequate macroeconomic policy, other factors contributed to keeping import levels fairly low. Perhaps the principal factor is the drastic reduction in foreign purchases of some food products, such as wheat, sugar, milk, and other items, as a consequence of the significant recovery of domestic agricultural production recorded over the past 2 years. It should also be kept in mind that international market prices for the majority of the items imported increased only moderately, which favored the reduction in the overall value of imports.

Nevertheless, the evolution of exports has clearly been less favorable during 1985. The overall reduction of 1.1 percent in exports is far from the goals which the authorities had established. When exports are broken down, it will be seen that the value of mineral products declined by 0.4 percent, while industrial prices went down by 9.1 percent. In various of these categories there were substantial declines in international prices, which largely

counterbalanced the domestic effort to achieve a higher level of exports. In other cases it was also possible to detect a reduction in the physical shipments of certain products of some importance. Nevertheless, it is essential to point out that exports of agricultural, livestock, and fish products continued to expand considerably, achieving a 15.6 percent increase at an annual rate during the January-September period.

Consequently, it will be appreciated that the evolution of imports and exports during the first 9 months of 1985 showed contrasting results. In the case of imports considerable reductions have been made, and the official objective of stimulating an effective process of import substitution is being achieved. Regarding exports, the results have been inadequate, both in terms of the unfortunate behavior of international markets and as a result of domestic causes which should be studied further. This justifies the high priority which the government has given to policies aimed at developing the export capacity of our country.

5170

CS0: 3348/313

CHILE

# MAGALLANES METHANOL PLANT CONSTRUCTION FUNDED

Santiago EL MERCURIO in Spanish 18 Dec 85 pp A-1, A-12

[Text] On 17 December, Signal Methanol Incorporated signed a foreign investment contract with the Chilean economic authorities for carrying out a methanol project in the Punta Arenas area. The project involves an initial investment of \$295 million, with total authorized investment of \$600 million.

It is estimated that the exports which this project will generate over a period of 20 years will exceed \$6 billion, of which it is hoped that \$1.8 billion will come back to Chile in payment for the purchase of natural gas from ENAP [National Petroleum Company]. About \$875 million will be paid in taxes by the company.

The signature of the agreement took place in the offices of the Ministry of Economy, in the presence of Col Jorge Valenzuela, under secretary of the ministry; Hernan Buchi, minister of finance; and Paul Meister, vice president of Signal Methanol Incorporated.

Minister Buchi pointed out that the implementation of this project constitutes a demonstration of confidence on the part of foreign and Chilean investors in our economic policy, while simultaneously emphasizing that the addition of the capital invested under this program will help to increase the rate of investment which the country needs and to raise the level of exports.

Paul Meister stated that "we in the Signal Methanol Company are very interested in completing this project as soon as possible. We hope to finalize the financing of the program next week and to push ahead with it as rapidly as possible."

He said that the implementation of this project has been possible, thanks to the collaboration of various Chilean bodies and that "it is not only a model investment for this country but is certainly a very attractive model for the rest of the countries of Latin America."

Also present at the ceremony for signing the respective contracts were Luis Correa, executive secretary of the Foreign Investment Commission; Bruno Phillipi, an advisor to the government; Eliodoro Matte, general manager of the Paper and Cardboard Manufacturing Company; Pedro Lecaros, president of Methanol Investments, Ltd; Eduardo Matte, general manager of Signal Methanol Incorporated; Jorge Errazuriz, executive director of Bice Chile Consultants; and Michael Plimpton, of the law firm of Debevoise and Plimpton in New York.

Methanol is used principally as an intermediate chemical product in the manufacture of adhesives for wood, the textile industry, paints, solvents, herbicides, pharmaceutical products, synthetic fibers, plastics, and other products. The greatest development potential for this product in the future is its use as a fuel. As a high octane additive in gasoline, it replaces lead, without causing its contaminating effects. It can also be used directly as a fuel in low mixture proportions with gasoline.

#### Principal Partners

The principal partners of Signal Methanol Incorporated will be: the Signal Company, Inc, which will hold 80 percent of the stock; the CMPC (Paper and Cardboard Manufacturing Company, Inc), with 10 percent; the International Finance Corporation (a subsidiary of the World Bank), with 8 percent; and the Methanol Investments Company Ltd, with 2 percent.

The project has already received financing commitments amounting to approximately \$235 million from Marubeni and Nisso Iwai of Japan, the International Finance Corporation, and commercial banks in the United States and Europe, with the City Bank of New York acting as leader. The remaining \$65 million will be provided by the partners.

#### Methanol Plant

The methanol plant will be located at Cabo Negro, in the Punta Arenas region. Construction will begin in January 1986 and will take 3 years. It is estimated that production will total 2,280 tons of methanol per day for a period of 20 years.

The fuel necessary for the operation of this plant will be provided by ENAP. On 4 May 1985 Signal Methanol Incorporated signed a contract with ENAP to purchase natural gas for the production of about 748,000 tons of methanol per year. This contract will be valid for 20 years, beginning with the date the plant begins production.

The project will generate an average of 500 jobs during the construction stage and about 120 jobs during the operations period, in addition to indirect employment which will be generated in the region during both periods.

Minister Buchi

Minister Buchi indicated that the capital investment which the foreign investors will make and the credits associated with this investment will contribute to achieving adequate development of the economy in the future, especially in achieving the rate of investment which the country requires, given the presently existing restrictions on resources.

On the other hand he noted that this kind of project has another important advantage. That is, it will generate exports, which is what the country needs to achieve a trade surplus to permit reaching an equilibrium in the balance of payments.

In this respect he recalled that the priority in economic policy is to achieve a sustained increase in exports at rates--both in terms of volume and in real value--of more than 6 percent annually over the next 5 years.

He stated: "In short, in this project are, on the one hand, capital investment which makes it possible to resolve or to alleviate to some extent the burden on the country of having to make the domestic savings necessary to achieve investments which will make the development of the country possible and, on the other hand, to increase our exports."

He pointed out that the methanol pproject constitutes one of the first major investments to be carried out in the country, beginning in 1986.

Paul Meister

Paul Meister, the vice president of Signal Methanol Incorporated, is in our country to sign the contract with Chilean shareholders and the foreign investment contract and to hold meetings with executives of ENAP.

Next week he will return to the United States to conclude contracts for financing the project. The company will begin the investment of funds before the end of 1985.

Meister indicated that this project is the beginning of investment in major projects in Chile, which will be oriented toward using "project financing."

He said that this will be possible, thanks to close cooperation with ENAP, the Chilean National Energy Commission, the World Bank, the Investment Commission of Bice Chile, and the Banco Rothschild, which have acted as partners in the project in Chile.

5170  
CSO: 3348/313

CHILE

FUTURE KEY MEMBERS OF ARMED FORCES PREDICTED

Santiago QUE PASA in Spanish 19 Dec 85 pp 13-14

[Article by Grace Gibson and Ester Robeiro]

[Text] Minister Cuadra said it. And the headlines of the daily newspapers published his words in red ink: the present government is expected to remain in office beyond 1989. General Pinochet confirmed it. And this has been repeated during all of his most recent trips. The truth is that there is no reason to be surprised. A simple reading of the Constitution of 1980 makes it possible to draw certain conclusions. The principal conclusion is that the political influence of military officers in Chile will continue for some time.

The provision for a transitional period clearly points out that those who hold the positions of commanders in chief of the Armed Forces and commanding general of the Carabineros cannot be removed in the 8 years following 1989. Thus, Pinochet--the commander in chief of the Army--Merino, Matthei, and Stange will continue to be active in the political life of the country, whatever happens. And if God lets them live that long, or they do not decide to resign voluntarily, as members of the National Security Council with the right to speak and vote they should advise the future president on matters of national security; express their opinions on questions which, in their view, may endanger the foundations of national institutions; and receive all kinds of information relative to the foreign and domestic security of the state.

The Most Influential

However, these four men will not be the only decisive figures in 1989. Those who are the most "senior" generals in each branch of the Armed Forces will color with "toughness" or "leniency" the decisions which are made. Because they are nearest in rank to the commanders in chief, they can become strong influences contributing to unity, apply pressure effectively in favor of or against the aspirations of political figures, and, in short, have something to say on everything concerning the future of the nation.

Who will those generals be? It is difficult to answer this question. Each year, through a process resembling a sieve, those officers who will not become generals are retired. On the other hand, there are occasions when the promotion of a given officer to the rank of general leads automatically to the retirement of all of those who are senior to him.

Despite everything, a series of factors makes it possible to promote some men ahead of time: since the military career in each branch of the service has a certain number of years--38--as an upper limit, the "retirement" of many generals is foreseeable. On the other hand, everything concerning promotions and appointments within the Armed Forces and the Security Forces is regulated in detail in DFL No 1 of 1968.

Promotional processes are similar in the Army, the Navy, the Air Force, and in the Carabineros. For all of them their military career begins in their respective schools. As they attend the required courses and with the passage of the years of service required in each rank, they go up in their respective career ladders. When they have completed 32 years of active service, uniformed personnel must present their resignations in writing. These resignations are kept in a safe until the time is at hand when their superiors consider it appropriate to retire them. With this purpose in mind, every year there is a meeting in each branch of the service of a classifications committee, made up of the most senior generals, which decides whom to promote and whom to retire.

The only members of the Armed Forces who are not "classified" by any committee are the generals. They must have the confidence of their respective commander in chief, and it is he who decides whether they remain in uniform or retire. These "trusted" men will be the "key officers" in 1989.

#### Senior Officers in the Army

- Brig Gen Gaston Frez A., presently commander of Region I.
- Brig Gen Arturo Alvarez S., presently director general of sports and recreation.
- Brig Gen Eduardo Ibanez Tilleria, presently commander of Region VIII.
- Brig Gen Cesar Manriquez, presently Army director of logistics.
- Brig Gen Bruno Siebert H., presently minister of public works.

#### Army Generals Who Will Retire

Unless the provisions of DFL 1639 of 1976 are applied to them--which empower the president of the republic to allow to continue on active duty a general who holds a cabinet position, despite his having completed the years of service provided for in the regulations--the following general officers are scheduled to retire:

- 1986: General Luis Danus C.
- 1987: General Alejandro Medina L.  
General Manuel Barros R.  
General Jorge O'Ryan B.
- 1988: General Jorge Berrios  
General Roberto Soto Mackenney  
General Sergio Badiola B.  
General Roberto Guillard M.  
General Alfredo Calderon C.  
General Julio Bravo V.  
General Claudio Lopez S.

#### Senior Officers in the Navy

- Captain Carlos Perey Opazo, presently director of the Navy War Academy.
- Captain Guillermo Mackay, presently chief of staff of the Submarine Forces.
- Captain Enrique Vera, presently assigned to the Navy General Staff.
- Captain Alfredo Gallegos, presently working in the office of the Under Secretary of the Navy.
- Captain Octavio Bolleli, presently acting deputy director of the Navy War Academy.

#### Senior Officers in the Air Force

- Air Brig Gen Ramon Vega Hidalgo, presently director of operations and inspector general of the Air Force.
- Air Brig Gen William Arroyo S., presently commander in chief of the First Air Brigade.
- Air Brig Gen Fernando Silva C., presently commander in chief of the First Air Brigade [sic].

#### Senior Officers in the Corps of Carabineros

- Gen Rene Astorga Reyes, presently chief of the Punta Arenas Zone.
- Gen Claudio Calderon, presently director of training of the Carabineros.
- Gen Pedro Casanueva, chief of the Higher Advisory Council of the Carabineros.
- Gen Rigoberto Gonzalez, presently chief of the cabinet of the Carabineros.
- Gen Mario Salazar, presently chief of the Metropolitan Zone Directorate.

5170

CSO: 3348/313

COLOMBIA

CHURCH SCORES GUERRILLA ACTIONS AGAINST ELECTIONS, NICARAGUA

Elections In Serious Danger

PA182320 Paris AFP in Spanish 1624 GMT 18 Feb 86

[Text] Bogota, 18 Feb (AFP)--The Colombian Catholic Church charged today that the legislative and presidential elections to be held in March and May are in serious danger because of the guerrillas' pressure to disrupt them.

The situation was brought up by the church hierarchy in a meeting that ia analyzing the Colombian social and economic process with an eye to the legislative elections on 9 March and the presidential elections on 25 May.

The main topic centered on the current situation as the country continues in a pacification process which according to many experts, "has claimed more lives than violence itself."

Msgr Hector Rueda, president of the Colombian Episcopal Conference, charged in his speech that "the attempt to manipulate the voters through 'vote buying' threatens democracy."

"The church feels committed to a country that is cruelly affected by the uncontrolled malice of the violent," Bishop Rueda said, adding that 1985 "was the most sinister year in Colombia's history."

Rueda accused the guerrillas of trying to create a false image of the country and he indicated that the pressures that they exert on the voters through attacks on towns and threats against voters endanger democracy.

Episcopate Censures Nicaraguan Regime

Bogota EL TIEMPO in Spanish 19 Feb 86 pp 1-a, 8-a

[Excerpt] Yesterday, the Colombian Episcopate publicly censured the Nicaraguan regime for its progressive attack on freedom of worship and its systematic and violent persecution of the church hierarchy in that country.

The Colombian bishops attending the 45th plenary assembly of the Episcopate, in a message to Cardinal Miguel Obando y Bravo, archbishop of Managua and president of the Nicaraguan Episcopal Conference, expressed support for the pastoral activities being carried out by the Catholic Church, "despite the oppression practiced by the Nicaraguan Government."

"We are with you in our hearts," the message says, "amidst all the tribulations and misunderstandings, and we pray for the pastoral freedom to spread the gospel and to serve the Christian people of that brother country, for which we desire peace, justice, and welfare with full recognition of human rights."

Msgr Hector Rueda Hernandez, president of the Colombian Episcopal Conference, said that the bishops decided to give a word of encouragement and solidarity "to a Nicaraguan Church that is enduring persecution and oppression for carrying out its apostolic mission."

He censured the clergymen who are cooperating with the Sandinist government, because they are helping a government that has "defects and blemishes."

The attitude of rebellion and disobedience by the clergymen who are cooperating with the Nicaraguan regime, said the bishop, also runs contrary to the discipline of the Church, which has ordered bishops to refrain from taking posts in government, "particularly when that government has shown signs of repression and persecution of pastoral activity."

/12640

CSO: 3348/437

COLOMBIA

BRIEFS

PARTIES DENIED RECOGNITION--While comments on the television debates between the two presidential candidates, Gomez and Galan [Alvaro Gomez and Luis Carlos Galan] are continuing, the Electoral Court has decided not to officially recognize two of the groups that have designs on the presidency. The Electoral Council reported that the Colombian Christian Democracy and the Humanist Party forged signatures to obtain the minimum 50,000 signatures needed to be recognized as political parties. The lists of signatures were examined, and several were found to have signatures made by a single person. The directors of the two parties have said that they will investigate to determine who took part in the fraud, but in the meantime, they were not accepted as legally recognized parties. [Text] [Bogota Television Service in Spanish 1730 GMT 13 Feb 86] /12640

CARGO FLIGHT RESTRICTIONS EASED--Bogota, 15 Feb (DPA)--The Colombian Government has declared "open skies" for Colombian and foreign planes operating the Bogota-Miami route for cargo transportation. The measure, announced by that country's Civil Aeronautics Board in the past few hours, was prompted by the fact that the airlines engaged in transporting cargo to Miami right now do not have enough cargo capacity to meet the demand for export products, particularly flowers. The companies that want to abide by this regulation will be completely free to make as many flights as they want, as long as they notify the Civil Aeronautics Board 24 hours ahead of time. The following airlines will be able to take cargo to Miami from Bogota: any foreign airline operating that route regularly engaged in cargo transportation, any foreign airlines engaged in mixed transportation (cargo and passengers), any airline that has fifth liberty traffic [trafico de quinta libertad] rights between Colombia and Miami, such as Chile's Ladeco Airline, and any U.S. carrier that has U.S. authorization to make unscheduled international flights. [Text] [Hamburg DPA in Spanish 1955 GMT 15 Feb 86 PA] /6662

CSO: 2248/443

DOMINICAN REPUBLIC

PRESIDENT ANNOUNCES NEW ECONOMIC MEASURES

Santo Domingo LISTIN DIARIO in Spanish 21 Jan 86 p 8

[Text] President Salvador Jorge Blanco the night before last announced a series of economic measures, including a 50-cent cut in gasoil, a 50-percent reduction in the exchange surcharge on traditional exports, the elimination of the 5-percent surcharge on non-traditional exports, and the postponement of the pay raise for public employees until the National Congress approves a minimum wage of 250 pesos per month.

Jorge Blanco spoke at the National Palace during a session of the Expanded Council of Government. Here is the text of his speech:

Members of the Council of Government, distinguished guests, people of the Dominican Republic:

On 23 January of last year, our government took a series of measures that had far-reaching implications for the economic and financial order of the Dominican Republic. Because 23 January is just a few days away, I felt this was an opportune time to convene the Council of Government and the high officials of the nation, and to invite people from the economic and financial circles of the country, to review the situation and at the same time offer solutions to the problems that have arisen as this year begins, insofar as these problems affect the entire Dominican nation.

Basically, I took the following measures on 23 January 1985: We unified the exchange rate, eliminating any official dollar rate. Therefore, all public and private transactions in the country take place on the basis of the free-market rate of the dollar to the Dominican peso, in keeping with the laws of supply and demand. Another measure which reflects this philosophy in the country's economy and finances is the refusal to issue currency without backing at any time, since this practice has caused so much damage to the national economy. Similarly, in accordance with this concept, which has been mentioned so often since 23 January 1985, we have strengthened measures that were not as firm as those implemented since that date. As a consequence, we sought to correct the deficit and the real resources of our country, and finally, to enhance and further develop our policy on the Dominican rural sector. This policy is oriented toward the agroindustrial sectors so that our non-traditional exports, in conjunction with other non-traditional sectors,

can contribute substantially to increased earnings of foreign exchange, that is dollars, in the Dominican Republic.

The measures we have had to take during these times have yielded clear results. Our economy is performing better and is more balanced. Our currency is stable, and its value is rising steadily. A look at how much stronger our economy was as of 31 December 1985 reveals that our peso has risen in value by 10 percent against the U.S. dollar, which is very encouraging, considering that all currencies in all Latin American countries experienced a continuous downslide throughout 1985. Even the better-endowed countries that are richer in natural and human resources, more powerful and more developed than the Dominican Republic, such as Brazil, Venezuela, Mexico, Argentina and Peru, saw their currencies plummet. This has not happened to the Dominican Republic because fortunately, as a result of the measures we took on 23 January 1985, the Dominican peso is growing increasingly strong and is shoring up the national economy.

It is possible that if the National Congress, the parliamentary majority that opposes the government and the opposition itself, in the Dominican Revolutionary Party, had not managed their affairs so negligently, had cared more about the national interest, and had been more cognizant of the national interest, the economic situation undoubtedly would have been much better. This is especially true considering that we have an open electoral process, and this year, 1986, there will be free elections. The people will have the opportunity to choose their leaders freely, and therefore on 16 August of this year, a new government will emerge. There are many who aspire to come here to the National Palace.

Suffice it to say that during the course of the past year, Congress did everything it could to thwart the public administration efforts of the president of the republic, the executive branch. The bill we submitted to the National Congress to raise public salaries was stymied, because what came out of Congress on that occasion was an increase in public salaries without the corresponding funding. This amounted to a veritable rubber check, which forced us to resort to a decree on our own initiative providing for an increase in the pay of all public employees, whether civilian, military or police. This raise had to be paid with funds that basically came from Rosario Dominicana. Without this raise, the country most certainly would have been plunged into chaos. Instead of obtaining the necessary funds by raising taxes and sales for sectors that can easily pay more than what they do now, it was the funds of Rosario Dominicana that were used. These funds could have been channeled through Rosario itself, with its contribution to the government in the form of either taxes or benefits, to make investments that the entire country needs, especially in Sanchez Ramirez Province itself.

But that stonewalling effort became even worse when Congress refused to provide the government with the necessary funds to pay the Christmas bonus. Then we had to cut back on public investments, slowing down construction and decelerating the different projects being undertaken in various sectors of public administration. We had to make cuts here and there so that we would be in a position to meet the Christmas bonus in December for public employees in the civilian, military and police branches. At the same time, since we did

not get the funding we requested from the National Congress, we practically had to halt projects of national interest in various parts of the Dominican Republic.

And today, after a pay raise law was submitted in mid-year, with the corresponding fiscal projects, most of them entailing direct contributions that would not affect indigent, low-income or deprived sectors, and after we submitted in November a budget that was consistent with our policy of sending budgets to Congress on time (something previous governments did not do), the legislature is ending its session without giving the country the budget it needs. Among other consequences, the previous budget, that of 1985, now constitutes the current budget, pursuant to the Constitution. Thus, it will also dictate the country's budgetary activities in 1986.

But just as the ingots of Rosario Dominicana last year served to back the pay raise implemented by presidential decree, today the fruits of a traditional export, coffee (which has fortunately gone up dramatically on the world market in just 8 days), will also provide the resources to maintain that pay raise for public employees, in accordance with a decree we are issuing tonight.

We are also issuing another decree that establishes new pay scales, pursuant to Law 199 of 6 September 1975. We invoked that law on 19 April 1984 and again on 23 January 1985 to issue new regulations for revenues in the specific cases of coffee and cacao. Now we are revising our own decrees, and under that 1975 law, we are implementing new regulations regarding coffee revenues. We are not, however, being as generous as that law actually allows.

In addition, today I went to the Monetary Board to request that it cut the 36-percent exchange surcharge on traditional exports in half to 18 percent, and eliminate the 5-percent exchange surcharge on non-traditional exports. I understand that the Monetary Board is meeting right now to discuss these points, which are based on the fact that the exchange surcharge is a temporary measure. In view of that, we have asked that from now on the Monetary Board reduce the surcharge on traditional exports by 50 percent and eliminate the 5 percent surcharge on non-traditional exports.

I would like to take this opportunity to explain what the aim of the exchange surcharge has been. The 36-percent surcharge on traditional exports and the 5-percent surcharge on non-traditional exports have gone into an exchange stabilization fund. One-third of those monies have been used to help the Central Bank cover past losses resulting from export compensation. Another 33 percent went to the Dominican Government to meet its commitments, especially in view of the exchange-rate unification. And the final 33 percent was earmarked for the Dominican Electricity Corporation, both for its own petroleum imports and for its international payments. In other words, to cite a practical example, if the Dominican Government, the Dominican Electricity Corporation, has to pay a dollar abroad, it must take 1.92 pesos to the Central Bank, and the Central Bank provides 1.08 pesos. Thus, assuming that the unified exchange rate is 3 pesos to \$1, the exchange surcharge alone would contribute 1.08 pesos to the Dominican Electricity Corporation so that it can pay for its oil imports. Or, it would help the Dominican Government meet its international obligations.

Thus, neither in theory nor in practice has the exchange surcharge gone to meet the needs of the national budget. The requirements of the national budget are basically met with the revenues from the National Treasury and from taxes, which fund the different aspects of national life.

I would also like to take this opportunity, as I am announcing the reduction in the exchange surcharge, to point out that the renegotiation of the Dominican foreign debt in the Club of Paris has ended successfully with the different members of that organization which are the Dominican Republic's principal creditors: the United States of America, Canada, Japan, Brazil, and Spain. Moreover, our debt renegotiation with the commercial banks has also come to a close, and it will soon be submitted to the National Congress.

Considering this renegotiation, which has never before taken place in this country, we have obtained a period of 13 years to pay off our obligations: a grace period of 5 years and 6 years of consolidation, from 1984 to 1989, and an interest rate of 1 3/8 Libor. But above all, as soon as the National Congress (the deputies and senators) approve the renegotiation plan, it will affect the back interest on debts due after 18 December of last year. This will take effect immediately after the plan is approved and all the legal requirements are met.

With respect to the average rate, also known as the prime rate, if Congress ratifies the plan as expected, it will have a freeing effect as of 1 January this year, retroactively. This situation is highly advantageous to the Dominican Republic, and we owe a great deal to the people who have been renegotiating our debt. This clause by itself represents a savings of 10 million pesos to the Dominican Republic.

In addition, there is no bank commission in this renegotiation, nor is there any advance payment. This past December we had to pay out more than \$17 million to meet the obligations of the Dominican Government, and we would like to point out on this magnificent occasion that by April of this year the Dominican Republic will be completely current on all of its international payments. That was not the situation inherited by the administration when it took office on 16 August 1982.

Now I would like to discuss a number of other issues:

You may recall that when I returned from Argentina, I had reached an agreement with our friend President Raul Alfonsin whereby Argentina would provide the Dominican Republic with \$10 million to \$12 million in financing for 550,000 food crates.

I am pleased to announce that the first shipments of these food crates will begin to arrive in the first half of February of this year.

These crates contain 6 pounds of spaghetti noodles, 4 pounds of green beans, 4 pounds of corn meal, 1 liter of cooking oil, and canned fish. The Price Stabilization Institute will begin distributing them in the most important

centers of population on the basis of the systems already established so that the food will reach the neediest sectors of the Dominican Republic.

In another area, I will discuss the Central Electoral Board. I will not say here what I already said in my speech in Santiago last year, regarding the Single Ballot (I was among the first to sponsor such a concept when I was a senator in 1980 or 1981). In its present form, it limits the opportunity of the people to vote in every municipality and province for their natural leaders, because as it is conceived, there will be just one presidential vote. Nor am I going to mention here that the Central Electoral Board has turned a deaf ear to the minority parties' demands in their campaign to allow voters to have two chances instead of one, as provided in the Single Ballot.

What I am going to state here is that I have been backing the Central Electoral Board on both the institutional and personal levels, if you will, with respect to preferential treatment to its members. The reason is that the government has an obligation to support it, and also that my firm democratic convictions require me to ensure that the country's electoral environment allows the citizenry to express their preferences freely. During these past days, as part of this entire policy of supporting the electoral process in keeping with the requirements of the Central Electoral Board, we have made available to the board 1.217 million pesos. As soon as the appropriate documentation is delivered to the Budget Office, the National Treasury, and the General Comptroller's Office, the Central Electoral Board will have that amount immediately to meet its urgent needs. This attitude is permanent and invariable, above all the product of our democratic convictions and the importance we attribute to the electoral process. We feel that the electoral process that is taking place now in the Dominican Republic is of particular importance.

Furthermore, as part of this conviction, we are responding to the various petitions the political parties have submitted to us on the basis of electoral provisions. They ask that we exempt vehicles and communication instruments for the campaign. I just happen to have a letter here that was sent to me a few days ago by the president of the Social Christian Reformist Party, Dr Joaquin Balaguer. On 27 December 1985 he wrote me this letter asking that the following vehicles be exempted for his party:

- 20 Hi-Lux trucks
- 20 Toyota Land Cruiser jeeps
- 1 small jeep-pickup, 4 cylinders, 4-wheel drive
- 1 Colt station wagon, 4 cylinders, 1986 model
- 1 Peugeot automobile, 4 cylinders, 1984 model
- 1 Toyota pickup truck, 1985 model
- 1 Toyota automobile, 4 cylinders, 1985 model (used)

On 13 January we answered that correspondence, granting all the exemptions requested. Similarly, the Dominican Liberation Party, through its secretary general, made a request for amplifiers and other communication equipment on 3 January of this year. We answered them yesterday, 18 January. Other parties not represented in Congress have sent petitions of this nature to the government. They are very legal and contain nothing objectionable, and we are

studying them so that we can carry them out partially or fully. This is part of our understanding and conviction that the electoral process should provide the same opportunities to everyone so that when the gates are opened, all the horses can start at the same time.

Now I will discuss the State Sugar Council (CEA). The harvest has already begun with braceros from Haiti and also Dominican residents. Of the ten mills that ordinarily begin harvesting between December and January of each year, five are already at work. The other five will begin soon, with the arrival of the braceros who traditionally come to this country. Two other mills, Montellano and Amistad, will begin harvesting in April, that is, referring to the 10 mills.

In a policy with severe limitations, the State Sugar Council has begun its harvest even though many union leaders do not understand the restrictions and limitations imposed on the State Sugar Council by the fact that the price of sugar has fallen by more than 40 percent in the last 3 years. Sugar prices are totally depressed on the international markets, and therefore the revenues of the state sugar complex have plummeted dramatically. Certain economizing measures must be taken, such as using Dominican residents to harvest the sugar, for example.

Nevertheless, I am not going to go into this problem. What I do intend to discuss here is the petition for a bonus that the labor union sectors have sent to the CEA in the past month. Among the employees of the CEA there are many permanent employees who religiously receive their monthly salary, and who also receive, as they did this year, payments from the central government to the CEA in the form of the Christmas Bonus. If I recall correctly, that bonus amounted to a total of 9 million pesos. So there are some permanent employees of the State Sugar Council who are well paid, regularly and reliably, including a Christmas Bonus. But there are others, the permanent mobile employees, who work in offices, in industry (that is, in factories), in the fields, running train cars and wagons, and they are not so well off. Despite the restrictions and limitations, this protection must be extended to them, as they number no less than 25,000.

They constitute a needy group of people who deserve our attention. In that regard, we are donating 2.3 million pesos to the State Sugar Council to cover some 10 days' pay for the sugar harvesters. That is the name the CEA gives the teamsters, the ones who run the train cars. This will give each worker 50 pesos, to be distributed in that manner to these people who are certainly the neediest employees of the State Sugar Council, to whom we direct our attention. At the same time, we are waiving the initial payment in that beautiful housing plan that has been undertaken by the State Sugar Council in conjunction with the National Housing Institute (INVI) and the central government. The payment would bring in a total of 1 million pesos. But now the workers who benefit from this plan do not have to make any initial outlay, and those who have already made the payment will be reimbursed promptly. Thus, we are giving practically 3.3 million pesos to the State Sugar Council.

Finally, yesterday I received a letter from the president of the Dominican Oil Refinery, Ramon Albuquerque. His letter, dated 13 January, stated the following:

"On Saturday the 11th of this month, Maravet and Pemex of Venezuela and Mexico, respectively, informed REFIDONSA of the drop in the prices of various crudes and derivatives that the nation buys from those countries. The combined effect per barrel of crude on the average is 1.48 pesos. The total savings for the country's oil bill will total \$15.6 million, considering projected consumption of some 10.5 million barrels in the country this year.

"With the customary greetings and respect, I remain, Mr President, . . ."

As a result of the conditions noted in this letter, and of the austerity and discipline that we have practiced since the beginning of this administration, and especially since 23 January of last year, we were able to close the year on 31 December with a budget surplus of more than 15 million pesos. Despite the obstacles posed by Congress, we managed to save money through a serious, firm, responsible and honest policy. Now that our oil import bill has eased slightly, we have instructed the secretary of commerce and industry this evening to transfer these savings to the Dominican consumer instead of keeping them in the government's coffers. Thus, from now on, a gallon of gasoil will cost 3.45 pesos instead of 3.95 pesos, beginning tomorrow.

This decrease will have many repercussions in all productive spheres of the country, especially in the farm and transportation sectors. We are making this announcement because we are convinced that this would be the best way to deal with this slight drop in the prices of imported petroleum, to further stimulate the Dominican economy.

Finally, I would like to take this opportunity to urge everyone in the government to attend the Dia de la Altigracia services in large numbers throughout the country, especially in Santo Domingo and Higüey. In this manner we will be able to pay tribute to the Virgin of La Altigracia, our spiritual patron, so that she will illuminate all of us and unite us to that we can continue bettering the country's lot during these important and certainly no less difficult moments in Dominican life.

Thank you very much.

8926

CSO: 3248/215

DOMINICAN REPUBLIC

BRIEFS

ARMY, CIVIL SERVANTS CUT CANE--The closing last month of the border between Haiti and the Dominican Republic has cut off the normal flow of Haitian migrant workers to harvest the Dominican sugarcane crop. For the first time in 24 years, the Dominican Army and civil servants are cutting the cane. Fifteen hundred troops began working full time on the harvest last week and were joined this past weekened by government employees, including top aides and President Salvador Jorge Blanco. The government says the sugar harvest is in a state of emergency, and has called on public employees to spend their weekends in the fields. In past years, Haiti has sent 15,000 to 20,000 seasonal canecutters under a contract with the Dominican Republic. This year's contract called for 10,000 to 12,000 but they never arrived. The Dominican Republic closed its border with Haiti last month before Hait's president fled to France to prevent what it feared might be an exodus of Haitians. A spokesman for the Dominican Foreign Office says it is not clear when the border will be reopened. [Text] [Bonaire Trans World Radio in English 1130 GMT 18 Feb 86 FL] /6662

CSO: 3248/271

HONDURAS

PLH, PNH STRIKE DEAL; SUPREME COURT, CONGRESS PARTITIONED

Formula Utilized

Tegucigalpa LA TRIBUNA in Spanish 22 Jan 86 p 44

[Text] The five to four and four to five formula in deciding the makeup of the National Congress' governing board and of the Supreme Court of Justice is the foundation of the national patriotic pact that MONARCA [Rafael Callejas National Movement] and the Azconista Liberal Movement have signed and that legislators from the two groups ratified yesterday.

According to the statements of the current designate, Celeo Arias Moncada, the governing board of the Congress will be composed of: Carlos Orbin Montoya, president; Orlando Gomez Cisneros, first vice president; Jorge Roberto Maradiaga, third vice president; Oscar Melara, first secretary, and Armando Rosales Peralta, first assistant secretary, all of them from the Azconista Movement.

MONARCA will control the posts of second and fourth vice president, second secretary and second assistant secretary.

As far as the makeup of the Supreme Court is concerned, five magistrates will be from the National Party, including the chief justice, and the four remaining justices will be from the Azconista Movement.

Arias Moncada asserted that both Rafael Leonardo Callejas and President-elect Jose Azcona plan to place PINU [Innovation and Unity Party] professionals and Christian Democrats on the next Supreme Court.

"What we want," he said, "is an independent Judiciary, because during their election campaigns both Callejas and Azcona underscored the need for true independence in the administration of justice and for the courts to be run by people who have no commitment to the traditional political parties."

Separately, MONARCA was reportedly going to nominate Nicolas Cruz Torres for second vice president of Congress, Roberto Ramon Castillo for fourth vice president, Jacobo Omar Hernandez Cruz for second secretary and Rodolfo Irias Navas for second assistant secretary.

### Rodista Faction Abstains

Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 54

[Text] "We believe that the governing board of the National Congress should consist mostly of people from the Liberal Party, because it won the election, as well as people from the other political parties, especially the National Party," said Congressman Carlos Roberto Flores in explaining why the Rodista legislators abstained in the vote on the legislative chamber's governing board.

Flores said that he was not questioning any of the individual choices. "The president of the Congress more than deserves the post, we feel; we could even say that he has earned it. We have to publicly acknowledge this in light of his political struggle."

"I think that the people who have been chosen to guide this Congress are worthy individuals."

"Now then," he continued, "since this is part of a pact signed in advance by two important groups, one from the Liberal Party and the other from the National Party, and since we did not sign the pact, what we have done on this occasion was simply to abstain from voting."

### Azcona Distrusts Rodistas

Tegucigalpa LA TRIBUNA in Spanish 21 Jan 86 p 3

[Text] President-elect Jose Azcona last night rejected an offer of support from the 18 Rodista lawmakers who would vote in favor of a Liberal majority on the Supreme Court and the governing board of the National Congress. Azcona turned down the offer shortly after his movement and the National Party signed the pact apportioning the makeup of the governing board of Congress and the Supreme Court.

After the offer from the Rodista Liberal Movement was made public, Azcona himself said that he could not trust such a proposal because as late as yesterday he was being harassed by the same Rodista congressmen who were now offering him support.

"The Executive Central Committee, which by the way is outside the law, took the liberty of going to the Finance Ministry to withdraw the political debt and instead of handing it over to me, as the Electoral Law provides, the finance minister, in clear violation of the law, handed over to the Central Executive Committee 2 million lempiras, 1.6 million of which belongs to yours truly," the president-elect remarked.

He went on to say that yesterday he had a talk with the chairman of the Central Executive Committee, Juan de la Cruz Avelar, who told him that they were going to give him the money in installments. "This is an abuse that comes under the heading of a crime," Azcona charged.

"How can I trust people who dare to deny a president-elect the money that is rightfully his?" he asked, adding: "This is an arbitrary and unspeakable act that is more than criminal."

"I believe in the offer that Carlos Flores made," he indicated, "because I regard him as an honorable man who acts with the interests of the Liberal Party uppermost in his mind, but the actions of some Rodista congressmen before and after the elections give me absolutely no reason to trust their offer of support."

He said that he would have to speak personally with each of the 18 Rodista lawmakers who support the government [oficialistas] to convince himself that they are really acting "sincerely and with good will in making the generous offer."

He announced that today he would send his attorney, Carlos Falk, to the Central Executive Committee to pick up his portion of the political debt, because he owes the money to a number of private institutions for services they rendered during the election campaign and has to pay them as soon as possible.

"What can we expect from the Rodistas when they abusively, arbitrarily and irresponsibly fail to keep their word to the man who was elected president of Honduras?" he asked once again.

He repeated that he believed Congressman Carlos Flores was acting in good faith but that he did not expect the 18 Rodista lawmakers to make good on their generous offer, adding that he would go to his grave mistrusting the group that has been dubbed "oficialista."

#### Labor Reviews Pact

Tegucigalpa LA TRIBUNA in Spanish 22 Jan 86 p 2

[Article by Francisco Hernandez]

[Text] Most labor and peasant leaders called the pact between the Azconista Movement and the Rafael Callejas National Movement a "mere parceling out of jobs" and came out for a true National Accord in which the country's political, economic and social sectors would be involved.

Labor leaders felt that there can be no talk of a "Great National Accord" right now because only the branches of government, part of the civil service and part of the diplomatic corps have been apportioned between the two factions of the Liberal and National parties that won a majority of the votes at the recent election.

They also noted that the politicians involved in the pact have forgotten that they owe their popularly elected posts to their active participation in the search for a solution to the recent institutional crisis.

Other labor leaders felt, though, that the pact "is necessary for the country" and that "it is the only way that the administration of President-elect Jose Azcona can be successful." They all agreed, however, that a national accord could be put together only if all the country's sectors were involved.

Here are their opinions:

#### The Biggest Slice of the Pie

Marcial Caballero (secretary general of the UNC [National Union of Peasants]): "What the Azcona and the Callejas factions have done by means of this pact is to divide up the pie, and it would seem that they are vying to see who gets the biggest slice. A National Accord has to provide for the participation of all the country's sectors; it cannot be unilateral, like this one."

#### In Montoya's Interest

Victor Inocencio Peralta (assistant secretary general of the UNC): "I am categorically stating that they have handed over power to the National Party, all because Carlos Montoya wants to be president of the National Congress. He doesn't care about handing over power to his longstanding adversary, and much less about the interests of the people.

"With the signing of the pact, the National Party is assured of victory in the 1989 elections, because besides the Supreme Court, it will control the National Election Tribunal. The Azconistas chose to ally themselves with their strongest rival and the future winner.

"A National Accord does not exist, because if it did, Azcona would not have turned down the offer of the party's government-backing faction to support him unconditionally with its 18 legislators.

"Azcona's administration is going to be extremely weak and dependent on the Callejas faction. The best thing would have been first to unify the Liberal Party and then think about alliances with other political sectors."

#### No Integration

Hector Hernandez (top leader of the FUTH [Unitary Federation of Honduran Workers]): "I am disappointed because instead of providing the integration that he promised, the president-elect has divided up jobs with his closest rival, the National Party.

"I am in favor of a broad national accord in which all of the country's sectors would be involved, because the Azconistas have put together an agreement with the sector that has kept our country back the most."

#### Meeting Among All Sectors

Andres Victor Artiles (secretary general of the CTH [Confederation of Honduran Workers]): "First of all, a meeting is urgently needed among all national sectors to analyze our real problems and come up with prompt solutions.

"The pact that the country's two largest political movements have signed is a poor move if its only objective is to divide up public posts, but then again, it could actually pursue the goal that the parties to the negotiations have talked about.

"As civilized individuals, all of us Hondurans are obliged to engage in dialogue with whatever sector as long as it works to the benefit and unity of the Honduran people."

#### Azcona Should Unite Liberals

Felicito Avila (secretary general of the CGT [General Central Organization of Workers]): "The accord that the Callejas and the Azcona factions have reached is political and has to do with the makeup of government branches.

"The accord should be broader, encompassing all of the segments of Honduran society, because there can be no national accord unless there is a move towards a broad-based dialogue around a National Development Plan that will involve all able-bodied Hondurans in furthering the nation's greater interests.

"At this point it is legitimate for the two largest factions of the traditional parties to have come to terms, but it cannot boil down to a mere compromise. The involvement of all Hondurans is needed to develop the policies and strategies of the National Development Plan.

"Nevertheless, this alliance could mark the start of a Great National Accord.

"It should be Mr Azcona's duty to try and unify the Liberal Party, because he would thus be helping greatly to strengthen the current democratic process."

#### Best Thing

Marco Tulio Cruz (president of the FASH [Authentic Trade Union Federation of Honduras]): "The signing of the pact is the best thing that could have happened. A single party cannot govern in this country.

"But the accord should also include the four political parties and their respective factions."

#### Favorably Viewed

Oscar Escalante (assistant secretary general of the CGT): "Any move that helps to strengthen democracy is looked upon favorably by all Hondurans, and I want to go on record in favor of the accord.

"Nevertheless, an accord among all of the country's sectors is necessary, because we have to consider the national context for Honduras' development, not just see to the composition of government branches.

"I am pleased that the Supreme Court will be in the hands of the Callejas Movement and I trust that it will seek out the most capable and honest men to administer justice, because judicial outrages have been committed up to now."

Will Not Sit Idly By

Francisco Urmeneta (top leader of the FECESITLIH [Central Federation of Unions of Free Honduran Workers]): "It would have been very significant if the politicians who were involved in the negotiations that led to the signing of the pact had invited labor and other sectors of the nation.

"But we will not sit idly by. We will wait and see whether Mr Azcona's administration complies with Paragraph 7 of the Compromise Act signed at the Air Force facility on 21 May of last year."

DC, PINU Excluded

Tegucigalpa LA TRIBUNA in Spanish 17 Jan 86 p 54

[Text] The Christian Democrats and PINU did not show much enthusiasm yesterday about the negotiations between the Azconista movement and MONARCA to form a national unity government, as it was confirmed that neither group has been formally invited to attend any talks.

Leaders of both parties confirmed that besides not having been invited by the Azconistas, even if they were to be invited, they would not join in the dialogue right away; instead, they would have to submit the invitation to their top echelons for their consideration.

The Christian Democrats reported that if the Azconistas were to extend them an invitation, they would have to call an emergency National Caucus [Instancia Nacional], which is an ad hoc consultative and advisory body, to hear its recommendation. Then, a full session of the National Board of Directors would have the final say, taking into consideration the recommendations of the caucus.

The PINU would have to consult with its Political Commission, and then, based on its recommendations, the Central Board of Directors would decide whether or not to join in the dialogue.

The faction of the Liberal Party that backs the government and the Carlos Roberto Reina and Efraim Bu Giron factions also reported that they had not received formal invitations to participate in the talks. The same goes for the government-backing faction of the National Party, which is led by Juan Pablo Urrutia Raudales, and the faction headed by Fernando Lardizabal.

Several leaders of these movements said that they would wait for a formal invitation to decide whether or not to attend the dialogue that the Azconista faction has proposed.

### ALIPO Acquiesces

Tegucigalpa LA TRIBUNA in Spanish 23 Jan 86 p 3

[Text] Jorge Bueso Arias, the head of ALIPO [People's Liberal Alliance], justified the alliance's change of position on the coalition between the Callejas and Azcona factions by asserting that a pact had already been signed by Jose Azcona Hoyo. He admitted, however, that "the other move" [unifying the Liberal Party] would have been better but that for the time being they could only accept the pact inasmuch as the congressmen acknowledged that "intentions are good."

"Mr Azcona is the president-elect; he signed the pact, and the majority of Azconista congressmen are in agreement; those are the facts. ALIPO wanted to unify the Liberal Party; we said so some days before," he stated.

As for the Judiciary, "we would have liked for it to retain a majority of honest, capable Liberal magistrates, who would be a guarantee for all Hondurans."

He recalled that "the Liberal Party got more votes, and therefore I want the Liberals to do the governing. The numbers show that Callejas got more votes than Azcona, but the fact is that the Liberal Party outpolled the National Party, and there is not an Azcona party and a Callejas party. There is a Liberal Party and a National Party, and we Liberals won in free elections," he noted.

He clarified that the ALIPO people are not in one hundred percent agreement with the pact that National and Liberal party leaders have signed, because they were not consulted, which caused resentment. But "it is an accomplished fact, and if anything is to be done, it is up to the congressmen," he stated.

"We do not support it warmly, but it is a political fact, and our deputies are not going to play the role of an opposition. They will always take a strong, independent stand and work as part of the Azcona faction. They will be free to vote on the decisions of the National Congress as they see fit," he said in conclusion.

### SECOPT Minister Critical

Tegucigalpa LA TRIBUNA in Spanish 23 Jan 86 p 3

[Text] The pact with the Callejas Movement is not good for the Liberal Party, because President-elect Jose Azcona "is going to be blamed for all of the bad consequences of hasty, thoughtless decisions," the future minister of communications, public works and transport, Juan Fernando Lopez, stated yesterday.

He remarked that he believes "the words of Mr Callejas, but he is not running the party, and the people who back him are, as always, sweet-talkers who have no liking for the Liberal Party, and it is just not possible for them to start liking it overnight."

Lopez noted that "the difference in vote totals was not as great as on previous occasions. So, they must really want to grab power any way they can."

For these reasons, he indicated that as far as he is concerned, the pact "is one of the little tricks of these conservatives."

#### PDCH Alarmed

Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 54

[Text] The Christian Democratic Party regards "political negotiations and alliances as normal, but we do not think that a pact to reconcile partisan interests can be portrayed as a broad national accord," asserted Congressman Efrain Diaz Arrivillaga.

The Christian Democratic lawmaker set forth his party's stand on the recent developments in the National Congress, asserting that "we Hondurans have already had bitter experiences with the little pacts that the traditional parties have entered into in the past and that have had dire consequences for the nation."

He went on to say: "We want to make our position clear. As far as the Honduran Christian Democratic Party (PDCH) is concerned, a national accord can be based only on shared national goals that will enable us to lay the groundwork for a national agenda that is the result of an understanding among all segments of Honduran society, not just among political party factions."

It is unacceptable, he said, for "the Judiciary to be the object of a partisan political apportionment, because this politicizes it and detracts from its independence. What has to be preserved is its honesty, credibility and impartiality in the administration of justice."

"An accord like the one that sets the stage for the election of the National Congress' governing board is a move backwards," he went on to say; "it is not an answer for the country, it is by its very nature cliquish, hampers a real national accord, and does not pave the way for honorable changes on the domestic and international scene."

#### Callejas Outlines Position

Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 57

[Text] MONARCA will maintain its contacts with the Azconista Liberal Movement through the appropriate channels, said Leonardo Rafael Callejas, who also noted that "the Liberals had to negotiate with some political group or party because they are not in the majority in Congress."

Callejas asserted yesterday that he was willing to attend all of the ceremonial acts to which he is invited during the inauguration of President-elect Jose Azcona.

Referring to the pact signed with the Azcona faction, Callejas asserted that "it is beneficial, mainly because it will give us access to something that we did not have under the outgoing government, the courts of instance, which issue replacement birth certificates for our citizens."

This, he said, "means that we can register all of our fellow party members; this is a breakthrough only for the National Party of Honduras."

With regard to the administration of justice, he went on to say, "we will nominate honest, honorable and capable magistrates who represent what we called for during our campaign: a judicial system based on education and civil rights."

With respect to the upcoming convention, Callejas said that at it the party will merely nominate the committees charged with drafting amendments to the Electoral Law and to the National Party Bylaws and elect the Political Commission, the Central Committee and other National Party bodies and political personnel, as well as call for a Special Convention probably within 6 months.

The purpose of the convention will be to discuss views on national problems and the positions that the National Party ought to take during the next campaign, he added.

Callejas felt that the fact that Oswaldo Ramos Soto and Carlos Lopez Contreras are interested in seeking the presidential nomination at the next election is a sign of the democratization that the country is undergoing.

"I feel that they are entitled to run, and we are not going to thwart their ambitions in any way. This is why we are going to call for amendments to the Electoral Law, which we will make part of the party's bylaws, so that the year before the election campaign the National Party can hold internal elections to select its candidate for president of the republic."

Callejas rejected the view of the Liberal Party faction that backs the government to the effect that the National Party has come out ahead under the political pact with the Azcona faction; he said that "the sole purpose of the accord is to structure the Legislature."

This must be made clear, he emphasized. "The people should know that the Liberal Party had exactly 67 congressmen, and you need 68 to install Congress and have a majority on the governing board."

This means, he added, that "the Liberal Party, in one way or another, had to seek a short-, medium- or long-term alliance either with the National Party, PINU or the Christian Democrats."

Apparently, he underscored, "this has been ignored in the political discussions; in other words, if the Liberal Party did not have a partner in Congress, the governing board could not be elected, with the resulting harm from shattering the constitutional structure of the republic."

"They (the Azconistas) chose to talk with us, and we have thus formed the Legislature," he stressed.

"This is not a pact; it is a political necessity for setting up a governing board, because you need 68 and the Liberal Party had only 67. No further explanation is necessary," he indicated.

#### MOLI Chastises President

Tegucigalpa LA TRIBUNA in Spanish 25 Jan 86 p 2

[Text] President-elect Jose Azcona "is making the biggest mistake in his life by entering into an agreement with the Callejas National Movement, just to let one person run Congress," stated Oscar Servellon Silva, the president of the Independent Liberal Movement (MOLI).

He also stated that "the decision by the Azcona Movement was painful to Liberals, inasmuch as the fundamental task was to unify the party and to see to it that the votes that the other factions contributed to achieve victory worked for the good of Honduras."

Servellon Silva reminded the ALIPO-Azcona coalition that they won the elections with the votes of Rodismo, M-LIDER and Efrain Bu Giron. "For this reason they should have consulted with these movements, not ally themselves with the people who have always been the party's adversaries."

The MOLI leader criticized the Azcona Movement, saying that "there are many bitter, resentful and parochial people there; power has gone to their heads, and they are thus forgetting that they won the elections with all the votes cast for Liberals."

Servellon Silva said in conclusion that this first move by the Azconistas is a big mistake, wondering accordingly "what its other decisions will be like."

#### Azcona Answers Charges

Tegucigalpa LA TRIBUNA in Spanish 28 Jan 86 p 14

[Text] "I am completely free to pick the ministers I want, and no one has pressured me to choose any of them. If two National Party ministers are included, it is because I have selected them," the country's president-elect, Jose Azcona Hoyo, stated bluntly last Saturday in San Pedro Sula.

Speaking plainly, Azcona Hoyo also asserted that "I have not signed any pact, and I can say so with total sincerity. I have not put my signature on any pact..."

He noted, however, that "what the Liberal congressmen in our group have done is reach an understanding with the National Party wing, and I don't see this as bad for Honduras, especially if decisions are honored and if it is for the good of our democracy."

## Cannot Understand

He was asked about the motion that the ALIPO congressmen submitted last Saturday in the National Congress, calling for the Supreme Court to include representatives of the various political and social sectors. President Azcona Hoyo commented: "I don't understand...I don't know what has happened in the National Congress. The legislators are free to act; I don't have any decision-making power over any of them, nor am I interested in having it."

He added on this point that "I have said so often. The congressmen's function is legislative, and they are free to discharge it as they see fit."

## National Party Dominance

The president-elect had this to say about the National Party's control of the Supreme Court and the Labor Ministry, the former seriously criticized by ALIPO and the latter by a broad segment of the labor and peasant movement.

"I don't know...I think they have an extra justice (on the Supreme Court), but this does not mean control. I think that all of this business about why someone has power is just partisan politics; we should be putting this behind us in Honduras," adding that "sectarianism has been left behind..."

"In the government...I have complete freedom to pick the ministers I want, and no one has pressured me to choose any of them. If two National Party ministers are included, it is because I have selected them and because I think that the foreign minister will be good for Honduras because he has experience."

A reporter asked him: During your campaign you promised that the Judiciary would be independent. However, a certain segment that is already opposing your administration is asking how it can be independent if it consists only of Nationalists and Liberals.

Azcona Hoyo replied that "when we talk about an independent Judiciary, we mean that it is not going to have ties, that it will not be subordinate to government decisions. This is what we mean by independence, that the three branches are on the same level, that none is subordinate to any other. This is exactly what we mean by independence, and we cannot go looking for men who do not belong to one or the other party in Honduras."

## No Secret Budget Items

The new Honduran chief executive confirmed that he would not have any secret budget items, as his predecessor did. "I'm not going to use secret budget items. I'm going to use discretionary items, but the people will know where the money is going..."

He refused to elaborate on the issue of the contras fighting against the Nicaraguan Sandinist regime, "because every time I express my opinion, it gets turned around." In other words, his statements have been twisted.

## They Took My Money

Visibly annoyed, Azcona Hoyo accused the Liberal Party faction that backs the government of "having taken my money. They have to give me back 1.6 million lempiras..."

When asked whether this does not further heighten the friction between the Azcona and the government-backing factions, he replied: "I can't give that money away, because I'm not rich. They have to give it back to me, and the finance minister knows it well. Now then, this is not revenge, because what they've done with my money is an unspeakable abuse..."

He said that he needed the money to pay back several companies to which he is heavily in debt, including the Honduran Television Company and others.

### Political 'Deal' Positive

Tegucigalpa LA TRIBUNA in Spanish 25 Jan 86 p 2

[Editorial: "The National Unity Pact" (PUN)]

[Text] We are on the verge of a "new dawn."

Now that the Liberal Party faction of Jose Azcona and the National Party faction of Rafael Leonardo Callejas have signed their pact, we can say that we have emerged from the Middle Ages and are on the threshold of the Renaissance.

We regard the political and administrative integration of these two factions as important for the consolidation of the incoming administration. After all, the Callejas faction garnered the most votes in the election, followed by their alliance partners, the Azconista Movement. Together, the two groups have public opinion behind them.

The National Unity Pact (PUN), to which they have tacked on "patriotic," lays the groundwork for the future government. We can properly say, then, that just as the previous one was the "democratic and constitutional government of Dr Roberto Suazo Cordova," the incoming one will be the "democratic and constitutional government of Azcona and Rafael Leonardo Callejas."

One group will dominate in public administration, the other in the Supreme Court. The two have a balanced role in the National Congress and the Executive branch; the same applies to electoral bodies.

It seems to us that the people who conceived the PUN did so with the collective interest in mind. They had their minds on the sought-after goal of integration; they concluded that to resolve the country's problems we needed a concerted effort if not among all sectors, at least between the two most important political groups.

We also believe that the model fits the U.S. Embassy's bill as well as the prince's slipper fit Cinderella's foot: the majority Callejas faction sharing responsibilities in a government headed by Jose Azcona as president.

How else can the country address issues as serious as the ones it is facing today, such as the border demarcation, aid for the Nicaraguan contras, etc, etc? Only by forming a strong government in which the two largest political movements can combine efforts and share responsibilities. Now is no time to think as Liberals or Nationalists. Now is the time to think as Hondurans. In any event, the Americans do not care whether the Liberals or the Nationalists win; what they want is a strong government, in the above sense.

Such a government does not need the approval of all sectors. A majority is enough. The future government of Jose Azcona and Rafael Callejas is starting with a broad base from which it can later bring in blue-collar workers, peasant farmers, businessmen and professionals, so that they can all contribute equally.

Some will object to the National Unity Pact, but they are in the minority. The pact could well have comprised other groups such as the Christian Democrats or PINU or sought a better understanding among Liberal factions, but this would be asking too much. The alliance could well have been based on an ideological consensus, a government program or a national accord, not just on a mathematical apportionment of public offices; we also know, however, that such things are highly theoretical and that we Hondurans are pragmatic.

For the time being, then, we should not view the National Unity Pact with such mistrust; rather, as on Christmas and New Year's Day, we should wish it good luck and prosperity. We also clearly see that this is a new dawn for Honduras, and there is no reason to even conjecture that yesterday's PUN is the same as the new dawn's PUN.

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CSO: 3248/234

SURINAME

BRIEFS

**OVERPRICED GOODS SEIZED, SOLD**--The Price Control and Price Stabilization Service impounded on Wednesday morning 400 chickens that were being sold by a vendor for an excessive price. The fowl seized were taken directly to the Central Market and sold under supervision to consumers at the authorized price of 5 Surinamese guilders per kilogram. The vendor had been asking 7.5 Surinamese guilders per kilogram. On Tuesday, the same service seized a number of bicycle tires from a bicycle parts dealer. The shopkeeper had been selling the bicycle tires for 75 Surinamese guilders each, while the authorized price set by the Transportation, Trade, and Industry Ministry is 28 Surinamese guilders. The tires will be sold by the service at a later time at the authorized price. [Text] [Paramaribo DE WARE TIJD in Dutch 30 Jan 86 p 1] /6091

**NATIONAL ASSEMBLY MEMBERS RESIGN**--Mrs Yvonne Baal and Ted Mahadewsing of the 25 February Movement have resigned from the National Assembly as of 1 February. It is expected that very shortly new members will be named to take their places. They both had been members of the body since its establishment a year ago. Mrs Baal has been very busy as a staff member of the University Bureau. Moreover, she has homemaking duties. The combination of these activities with membership in the Assembly was no longer manageable for her. Ted Mahadewsing lives and works in Nickerie and has to commute for Assembly meetings. He has now found it increasingly difficult, since he also serves on an administrative board in the rice district. [Text] [Paramaribo DE WARE TIJD in Dutch 4 Feb 86 p 1] /6091

**CREDIT AGREEMENT WITH BRAZIL SIGNED**--The Hague/Paramaribo, 3 Feb--Surinam said it had signed a credit agreement with Brazil worth 20 million dollars (some 55 million guilders) during last week's visit to the country by a Brazilian mission. Brazil pledged the credit late last year when a Surinam delegation visited the country. Surinam said it would use the money for a telecommunications project, the production of ceramics, a supermarket, the processing of fruit, vegetables and meat and the production of babyfood. [Text] [The Hague ANP NEWS BULLETIN in English 3 Feb 86 p 9] /9274

CSO: 3200/15

TRINIDAD AND TOBAGO

GOVERNMENT ISSUES STATEMENT ON TRADE WITH BARBADOS

Port-of-Spain TRINIDAD GUARDIAN in English 5 Feb 86 p 1

[Text]

WITH the exception of garments, all applications for import licences for Barbados are being processed promptly, the Ministry of Industry, Commerce and Consumer Affairs announced yesterday.

In 1985, licences to the value of \$90.5 million were issued, and already in 1986 licences for \$4.4 million have been approved, said the ministry's statement which sought to clear the air on reports of difficulties in trade relations between Barbados and Trinidad and Tobago.

In its statement, the ministry declared:

The attention of the Ministry of Industry, Commerce and Consumer Affairs has been drawn to continuing reports relating to difficulties in trade relations between Barbados and Trinidad and Tobago. In this regard, the Ministry wishes to make the following statements:

With the exception of garments all applications for import licences for Barbados are being processed promptly. In 1985 licences to the value of \$90,501,300 were issued, and already in 1986 licences for \$4,420,000 have been approved;

In respect of garments, this country announced early in 1985 a stabilisation period of 18 months during which there would be restrictions on the importation of garments as part of a series of measures to facilitate revitalisation of the local industry. In the context of this decision, it was subsequently agreed and announced that garment imports in 1985 would be limited to 50 per cent of the 1984 level. There was a further requirement that importers source a substantial part of their purchases from Caricom countries. Barbados has been a beneficiary under this regime.

This Ministry is not aware that there has been any prohibition on the importation of detergents from Barbados. In fact 15 licences to a value of \$3,354,759 for the importation of detergents from Barbados were approved in 1985;

The Ministry is aware that in many instances persons who apply for licences fail to collect the licences when processed so that the impression can be conveyed that their applications are still outstanding. In recognition of this to remove any wrong impressions, this Ministry has provided the Barbados High Commissioner in Trinidad and Tobago with a statement of uncollected licences for goods from Barbados;

One common area of complaint has been that in some instances when licences have been approved, importers have been unable to obtain the necessary exchange control approvals. At the last Caricom Council of Ministers meeting the Minister gave the undertaking that Trinidad and Tobago would harmonise the issue of licences with the granting of E.C.O. approvals. This has been done for Caricom goods and is effective for all 1986 imports;

Trinidad and Tobago does not see its licensing system as being in restraint of trade in the context of the Nassau Accord. Admittedly there has been a decline in imports from Barbados during 1985 but this is not attributable to the licensing system; the explanation seems to be rooted more in the changed economic situation which has resulted in a decline in purchasing power and a significant reduction in the level of total imports.

It is instructive to note that for the period January to November 1985, imports from Barbados amounted to approximately \$46 million, but for the same period a total of 699 licences with a value of \$85.9 million have been issued.

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CSO: 3298/320

TRINIDAD AND TOBAGO

MANNING PESSIMISTIC ABOUT REFINING VENEZUELAN CRUDE

Port-of-Spain TRINIDAD GUARDIAN in English 5 Feb 86 p 4

[Text]

ENERGY Minister Patrick Manning, giving the latest position on the move by Government to import crude oil from Venezuela to be processed in Trinidad, said that to be able to refine Venezuelan crude locally, certain conditions must be right and one of them was a stable crude price.

"In a period now where oil prices are so unstable, it is unlikely that any agreement can be arrived at," he said.

The Minister said that it could only make sense if the relationship between crude prices and product prices were such that the refinery could be given a margin of profit for processing.

"The markets are too unstable now," he added.

Prime Minister George Chambers said in the 1984 Budget speech that a deal was in the offing with Venezuela for the supply of 20,000 barrels of crude oil a day to be refined at the Trintoc refinery Point Fortin.

To date, no such arrangement has been made for the processing of crude from Venezuela.

On the question of oil prices, Dr. Krishna Persad, Exploration and Production Manager of Premier Consolidated Oilfields, said in the company's budgeting, they assumed that oil prices might go to about US \$17.00 or US \$18.00 a barrel, and then recover.

Mr. Manning said what was taking place now was an attempt by one of the major oil exporting countries to bring about a certain kind of relationship between all oil producers.

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CSO: 3298/320

TRINIDAD AND TOBAGO

MAHABIR CITES TIES WITH VENEZUELA FOLLOWING VISIT

Port-of-Spain EXPRESS in English 7 Feb 86 p 1

[Text]

MINISTER of External Affairs Errol Mahabir, who returned recently from an official visit to Venezuela, has warned that Trinidad and Tobago fishermen who transgress the rules of the new fishing agreement between the Governments of Venezuela and Trinidad and Tobago will lose their permits.

This comes in the aftermath of the detention of 27 Trinidad and Tobago fishermen by Venezuelan authorities near Cocuina, in the Orinoco delta, on Wednesday.

Latest reports indicate the fishermen should be released this morning after being interviewed by a team of officials sent out by President Jaime Lusinchi when he was informed about the matter.

The fishermen allegedly violated the terms of the agreement by going beyond the zone in which they are allowed, and deep into the mouth of the Orinoco where they reportedly destroyed mangrove in the search for oysters.

Venezuela has strictly enforced marine environment laws, unlike Trinidad and Tobago.

At the same time, Mahabir indicated that the Cabinet agreed on Wednesday that legislation

should be introduced as a matter of urgency to ensure that Trinidad and Tobago has control over anyone fishing in Trinidad and Tobago waters except by specific agreement. No such legislation exists at the moment, he said.

But he insisted the intention of new legislation is not retaliatory but simply to "put Trinidad and Tobago in line with most countries regarding the use and protection of resources."

Indeed he was at pains to stress the importance of maintaining good relations between Venezuela and Trinidad and Tobago, which have so much to offer each other, and spoke of the success in this direction of his recent official visit to the neighbouring country.

There are for example, plans for co-operation in the extraction and processing of heavy crude. In the Guayana region of Venezuela Mahabir and his team visited steelworks, which ISCOTT is already supplying with sponge iron, he said. There is a Venezuelan team here at the moment looking into further co-operation in this area.

The Mixed Commission is to meet here by June, and consular missions are to be set up in the relevant towns to facilitate the negotiation of fishing problems.

[Additional details on the status of the fishing problems and the joint statement issued at the end of Mahabir's visit to Caracas can be found in the Inter-American Affairs section of the JPRS series on Latin America-LAM-86-023 5 March-86]

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CSO: 3298/320

TRINIDAD AND TOBAGO

UNION ACTIVITIES REVOLVE AROUND ISSUE OF UNITY

Weekes' Call for Talks

Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb '86 p 6

[Text]

GEORGE WEEKES, President General of the Oilfields Workers Trade Union is urging president of the Trinidad and Tobago Labour Congress Vernon Glean to ensure that Congress gets together to approve new moves to bring about meaningful deepening unity in the labour movement.

"Whether at the TTL-CPTU level or the level of the joint trade union grouping,

or as one trade union centre."

Mr Weekes despatched a letter to Mr Glean, in which he made the call for trade union unity.

He told Mr Glean in his letter: 'Once again, I am forced to write you, not only as president general of my union, but additionally as one among many workers and citizens in and out of the labour movement.

"Long disturbed by and disappointed with the failure of the Council of Progressive Trade Unions and the Trinidad and Tobago Labour Congress to meet, discuss and collectively agree to committedly implement decisions unanimously arrived at on more than one occasion on the all important question of unity by joint committee of both trade union centres."

Panday Slap at Labour Congress

Port-of-Spain TRINIDAD GUARDIAN in English 6 Feb 86 p 7

[Text]

PRESIDENT General of All Trinidad Sugar and General Workers' Trade Union, Opposition Leader Basdeo Panday, yesterday hit out at the Trinidad and Tobago Labour Congress, claiming that Congress to date had not supported the union in any meaningful way in its dispute with Caroni (1975) Limited.

Mr. Panday said: "Congress has got to decide whether it is on the side of the PNM or on the side of the working class. Failure to do so, would mean loss of confidence by the workers in Congress."

The union returned to the Congress fold more

than three years ago after dropping out and remaining out for several years.

Mr. Panday gave no indication whether the union would consider pulling out again. But he said the union did not pay its annual contribution for the past year.

Solidarity

Last Labour Day (June 19) a call was made by Mr. Panday for a one-day strike in the country to show solidarity for the sugar workers who were locked and are still engaged in a dispute with Caroni.

The strike has not taken place.

The union is demanding that Caroni withdraw its appeal against the decision of the industrial court in the wages and cost of living allowance dispute. Further, the union is protesting retrenchment and under-employment.

The appeal was filed about 12 months ago. No date has been fixed for hearing.

18 March 1986

## Tull Response

Port-of-Spain TRINIDAD GUARDIAN in English 7 Feb 86 p 3

[Text]

GENERAL SECRETARY of the Labour Congress Carl Tull yesterday described as "unfortunate" claims by President General of the All Trinidad Sugar and General Workers' Trade Union (ATSGWTU) Basdeo Panday that Congress had not supported the union in any meaningful way in its dispute with Caroni (1975) Limited.

But he said that the organisation would continue to support

ATSGWTU in its struggle with the company.

Mr Tull told the "Guardian" that the Congress had made several efforts to resolve the matter on behalf of the union.

"We held meetings with officials of the company, the Board...we even held Labour Day celebrations in Central Trinidad last year as a means of support to the union," he declared.

The latest effort by Congress in the issue, he said, was a public call to Minister of State Enterprises, Mr Ronald Williams, to advise the Board of Caroni to withdraw an appeal against a decision of the Industrial Court.

Mr Tull said he was disturbed by Mr Panday's remarks that the Congress should decide whether it was on the side of the ruling party or the working class.

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CSO: 3298/320

TRINIDAD AND TOBAGO

CARONI SUGAR WORKERS IN WORK-TO-RULE ACTION

Basis of Protest

Port-of-Spain EXPRESS in English 4 Feb 86 p 1

[Text]

**TROUBLE** is brewing in the sugar industry as over 8,000 sugar workers went on a work-to-rule yesterday to protest the refusal by state-owned Caroni Ltd to withdraw the appeal against the wages decision of the Industrial Court.

The decision to instruct sugar workers to go on a work-to-rule was taken at a meeting of a general counsel of All Trinidad Sugar and General Workers Trade Union on Sunday. The meeting was chaired by Union Leader Basdeo Panday. The workers are expected to meet on Thursday at 4 o'clock at the Rienzi Complex to plan further strategy.

On January 25, 1985, the Industrial Court had awarded wages and COLA increases amounting to some 30 per cent to sugar workers. Caroni Ltd appealed this decision at the Court of Appeal. The matter is still pending in the Court of Appeal.

The workers, according to General Secretary Sam Maharaj, decided to "physically" stop all contractors who were employed by the company to harvest cane. The workers have vowed to throw themselves in front of the mechanical harvesters on the fields if it becomes necessary.

This action is expected to take place on Saturdays and Sundays.

The workers claimed that they were offered only five days' employment while the harvesters were given six- and seven-day contracts.

Speaking from his Palmiste home yesterday, Panday said that he cannot now prevent action by the workers.

Said Panday: "Our workers are on 1982 wages and I keep on saying that they have to pay 1986 prices. The situation is now intolerable."

Panday said that the workers were also protesting the retrenchment and under-employment of workers in the industry. He said the workers were also disturbed about the attitude of the company to union representation.

Sugar workers will refuse to drive vehicles which are defective and will not work outside the job classifications. A union source said that if the company failed to respond, industrial action will be intensified.

The union official declined to state what would be the nature of this intensified action.

Impact on Caroni

Port-of-Spain TRINIDAD GUARDIAN in English 6 Feb 86 p 7

[Text]

**THE WORK-TO-RULE** in the sugar industry could plunge State-owned Caroni (1975) Limited into further

economic trouble, a source close to the company said yesterday.

If the company cannot meet its foreign sugar quotas it would stand to lose about TT \$77 million.

Caroni expects to sell 46,700 tonnes of sugar to the European Economic Community (EEC) and 11,300 tonnes to the United States. First shipment is expected to be made later this month.

The company, said one source, is hoping that the work-to-rule which started last Monday would not in any way prevent shipments from leaving the country.

Current price on the EEC market is TT \$1,300 a ton; and on the U.S. market TT \$1,400. The prices are somewhat encouraging.

The company has projected an overall increase in revenue between 1985 and 1988 of about \$38 million and hopes to reduce its expenditure over the same period by about \$30 million.

Apart from sugar, Caroni has gone into diversification with the hope of earning substantial profits.

The company said a few weeks ago that the increase under the diversification crops would be expanded rapidly, but carefully. There are 10,000 acres of former cane lands available for new crops.

Rice, citrus, coffee, cassava, banana and plaintain cultivations and a 10-acre passion fruit project in conjunction with Cariri are to be enlarged substantially in 1986.

### Union's Position

Port-of-Spain EXPRESS in English 27 Feb 86 p 5

[Text]

ALL Trinidad Sugar and General Workers' Trade Union leader Basdeo Panday said on Wednesday he would be visiting every cultivated section of State-owned Caroni Ltd on Saturday to determine whether sugar workers were prepared to struggle for improved wages and job security.

Said Panday: "If they don't turn out to support the struggle, that will be their business. I know that I will have done my part."

Sugar workers decided earlier this week to use physical force, if necessary, to stop the contracted mechanical harvesters from working

during Saturdays and Sundays. Cutter/bundlers now work for five days while the mechanical harvesters are contracted for six and seven days.

The union called on the 8,000 sugar workers to go on a work to rule last Monday. The action was taken to protest the refusal of Caroni Ltd to withdraw the appeal against the wages and COLA by the Industrial Court on January 25, 1985.

The company gave a sharp response to the union's actions saying that it will harm both the company and the cane farming sector.

Panday rebuked Trinidad Islandwide Cane Farmers' Association

(TICFA) chairman, Seepersad Arjoonsingh for his remarks about the work-to-rule action.

Said Panday: "Arjoonsingh knew one year ago that the PNM had instructed the company to appeal yet he did not lift a finger to assist. Let Arjoonsingh know that the sugar workers do not want his support and what he says is of little interest to them."

Asked about the Labour Congress' help in resolving the situation, Panday said that Congress had gone as far as it was prepared to go on the matter. He said that the union now had to take the struggle in its own hands and resolve the issue in the only way open to it now.

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TRINIDAD AND TOBAGO

ROBINSON CALLS FOR PROBE OF MOTTLEY SHOOTING INCIDENT

Port-of-Spain EXPRESS in English 30 Jan 86 p 7

[Article by Compton Delph]

[Text]

A.N.R. ROBINSON, Political Leader of the National Alliance for Reconstruction, has called on the Minister of Health to investigate the circumstances under which Senator Wendell Mottley was reportedly treated for a gunshot wound at the Port of Spain General Hospital with no official record of the incident.

Speaking at the first NAR public meeting in Tobago on Sunday night, Robinson said that it would appear that the records at the hospital were falsified not to reveal the incident.

"This amounts to subverting the administration of the Hospital," he said. "To falsify the records of the hospital is something of the greatest concern and it is the duty of the Minister of

Health to investigate," he emphasised.

The "shooting of a Cabinet Minister," said Robinson, "is not a laughing matter." No official statement, he went on, had been issued on the matter.

"We have seen evidence of the shooting ... the Minister limping around the place with a walking stick. But the

Commissioner of Police has said that it is a mere rumour.

"But if a dog is shot, everybody in the village wants to know why they shoot the dog," went on Robinson.

"Does it mean that the person who pulled the trigger has secrets for Cabinet and they are afraid to expose him or her?" he asked. "Is it a

case involving drugs?

"When a Minister of Government is shot, does it mean that any one of us can be shot and nothing more is heard of it?" he demanded.

Robinson stated that the people of the country cannot have these questions "hanging over the heads of their ministers."

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TRINIDAD AND TOBAGO

NAR WARNS OF PNM ATTEMPTS TO EXPLOIT RACIAL ISSUE

Port-of-Spain TRINIDAD GUARDIAN in English 5 Feb 86 p 18

[Text]

**CHAGUANAS**—FORMER Attorney General and now Deputy Political Leader of the National Alliance for Reconstruction, Karl Hudson-Phillips has urged the country to be on the guard for attempts by the P N M to divide the country on ethnic and racial lines.

Mr. Hudson-Phillips was speaking at a meeting of the NAR at Chaguanas on Friday night. "You must guard against the PNM attempting to divide the country between ethnic and racial lines because there are a sufficient number of people in the P.N.M. to make such kinds of mischief," he said.

He charged that the P N M. was again raising the "old racial bogey." They succeeded with the Baptist Letter, but would not succeed with any such mischief again.

Acknowledging that his Political Leader A.N.R. Robinson has assigned him the role of campaign manager for the next elections, Mr. Hudson-Phillips termed it a "difficult job" which required a high level of sensitivity and strategy depending in which part of the country you were in.

He said the NAR was poised for political victory. The coming together of the three leaders signalled national unity in the interest of all the peoples of our country. He continued: "We have Trinidad and Tobago before ourselves and our parties. We have put aside personal ambitions in the name of the national interest."

Mr. Hudson-Phillips spoke of "vicious racial slogans" already painted on walls and other conspicuous places.

"There is no success story for this government in finance, health, agriculture, transportation, education, foreign affairs and even in the Attorney General's office," he said.

He criticised Prime Minister George Chambers for not going to Mustique in order to "tell President Hoyte of Guyana that we don't like what he is doing in Guyana."

Mr. Hudson-Phillips said that N A R stands for "integrity, decency and commitment to the people of Trinidad and Tobago," adding that Opposition Leader Basdeo Panday is "a man who sticks to his word, a man of high ideals and principles, one who is committed to the unity and commitment of all the races in Trinidad and Tobago."

He predicted that a number of incumbents in the P N M., including Manic Ramsaran, MP for Caroni East, would all become "one-term Members of Parliament."

Opposition Leader and Deputy Leader of the N A R Basdeo Panday warned certain councillors of the Caroni County Council that "your behaviour cannot be tolerated much longer."

Referring to members of the NAR-controlled council, Mr. Panday said: "Councillors of the Caroni

County Council have been doing a fantastic job in spite of the obstacles, and I want to tell you that to act in disunity and disrepute will be playing right into the hands of the P N M."

**Racial War**

Mr. Panday termed councillors "soldiers and ambassadors of our party."

Turning to the formation of the NAR as "one single party united to uplift the social, moral, economic, spiritual, and political standards of our country, he said there's never been such a remarkable action of unity and statesmanship coming together like this since the days of Butler and Rienzi.

He said that Government, with more than \$60 billion, failed to transform the country into "a veritable paradise."

Turning to Gypsy's calypso, "The ship is sinking," Mr. Panday stated that if the captain was an efficient and proper one he would have never allowed the ship to sink.

The Opposition Leader warned his audience of "a strategic move by the P N M to start the usual racial war."

A.N.R. Robinson, Political Leader, stated that instead of 1985 being celebrated as the International Year of the Youth, it was rather being observed in this country as the "Year of Protest" alluding to Senator Lincoln Myers's fasting about public accountability. He stated that the observance of the year here according to P N M.-style "degenerated and disintegrated the spiritual, moral and social status of our young people."

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TRINIDAD AND TOBAGO

FAVORABLE TRADE BALANCE RECORDED FOR JANUARY-NOVEMBER 1985 PERIOD

Port-of-Spain SUNDAY EXPRESS in English 2 Feb 86 p 19

[Text]

FOR THE period January to November 1985, Trinidad and Tobago imported goods worth \$3,424 million, according to figures released by the Central Statistical Office (CSO).

Total exports amounted to \$4,835.5 million, of which \$4,556.6 million were

domestic exports. A favourable balance of visible trade totalling \$1,411.5 million was therefore recorded for this period. For the corresponding period in 1984, imports valued \$4,205.9 million and exports \$4,790.4 million. A favourable trade balance of \$584.5 million was recorded, CSO said. In November

1985, goods worth \$304.5 million were imported, while exports amounted to \$322.1 million. The country therefore recorded a favourable balance of trade for the month of November 1985 of \$17.6 million.

In the corresponding month of 1984, during which imports valued \$412.8 million and exports \$409.4 million, an adverse trade balance of \$3.4 million was recorded, CSO said.

For the period January to November 1985, the petroleum sector accounted for 3.6 per cent of total imports and 76.9 per cent of total exports.

Principal commodities imported from January to November 1985 include fruits and vegetables, cereal and cereal preparation, dairy products and eggs. Major items of export were sugar and sugar preparation, coffee, tea, and spices.

The CSO pointed out that total imports for January to November 1985, compared with imports for the same period in 1984, showed an increase of \$90.5 million due to a rise in imports of mineral fluids, lubricants and related materials.

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TRINIDAD AND TOBAGO

BRIEFS

**ROBINSON ON ACCOUNTABILITY**--National Alliance for Reconstruction (NAR) Political Leader A. N. R. Robinson warned that the Opposition would continue to agitate on the issue of integrity and accountability on its platform. Robinson said he was profoundly shocked by the statement made by Prime Minister George Chambers who said that he did not want to hear anything about accountability. Robinson said that for 10 years now the Constitution had stipulated that government ministers, parliamentarians and civil servants be covered by integrity legislation. Addressing a press conference at the headquarters of the Organisation for National Reconstruction (ONR), one of the members of the NAR, at Albion Street, Port of Spain, Robinson said he and Deputy Political Leader Basdeo Panday would call on Senator Lincoln Myers on the steps of the Hall of Justice on Wednesday to congratulate him on his "courageous and principled stand." [Text] [Port-of-Spain EXPRESS in English 3 Feb 86 p 1] /9274

**NAR ON UNEMPLOYMENT**--Almost ne-third of the working people in this country are without jobs, said Karl Hudson-Phillips, Deputy Political Leader of the National Alliance for Reconstruction, last Friday at a political meeting at Water Hole, Harding Place. Hudson-Phillips dismissed many of the claims that are normally laid at the door of the People's National Movement. "And they said that PNM is the party for black people," he said. "Yet the man who is suffering more than anybody else is the black man." He said that in 1981, this country didn't have one vagrant and now there are hundreds. He said that the moment the PNM won the elections they turned their backs on the very ladder they climbed. "People must be unified if we are to save this country," he urged. Political Leader A. N. R. Robinson said it was up to the people to let the Government know that they can't treat them like fowls and throw corn at them at election time "when the year after that very election, is starvation." [Text] [Port-of-Spain EXPRESS in English 30 Jan 86 p 7] /9274

**STEEL FOR ST MAARTEN**--Trinidad and Tobago's endorsement is being sought for an airport project in St Maarten. This was revealed by the majority leader of the island's legislature, Claude Wathey at a press briefing yesterday at the Holiday Inn. Wathey who was in this country for one day, also revealed that St Maarten is thinking of importing foodstuffs and steel from this country. Wathey who was scheduled to meet with Minister of External Affairs, Errol Mahabir yesterday afternoon said that his country needed the endorsement of Trinidad and Tobago for a project. The project (which involves the

construction of a taxi way to facilitate the turning of large aircraft) is being financed by the European Common Market and consequently needs the endorsement of one Caribbean island. He said that it is of a regional nature and that this country was chosen because BWIA was running a lot of flights to that country. BWIA has been running four flights to St Maarten since November, 1984. He said that with the recent "currency change" it would be more advantageous for St Maarten, to deal with this country than with some of its extra-regional trade partners. [Text] [Port-of-Spain EXPRESS in English 7 Feb 86 p 4] /9274

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